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**European
Union
Markets
For
Egyptian
Processed
Food
Products**

Findings of a
Rapid Industry
Analysis (IRA)
Of Trade,
Market Trends
And
Opportunities

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CTO Mr Tarek Shata

Prepared by Abt Associates Inc

Douglas A Anderson - Team Director / Marketing
Charles J D Stathacos
Mark D Newman
Fumiko Yamazaki

With contributions by
SRD Research Group

Samuel Daines
Gregory Daines
Stanford Smith
Barclay Burns

And
Allied Corporation

Medhat Soliman
Yousif Hamdi

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List of Acronyms

ALEB	Agriculture-Led Export Businesses
CAP	Common Agriculture Policy
CAPMAS	Central Agency for Mobilization and Statistics
CN	Code Numeral (EU system similar to the Harmonization System)
ECU	European Currency Unit
EU	European Union
EUROSTAT	European Statistical Trade Data
FAO	Food and Agricultural Organization (a United Nations agency)
GATT	General Agreement on Tariffs and Trade
GTG	Growth Through Globalization
GOE	Government of Egypt
GSP	Generalized System of Preferences
HS	Harmonized System
IRA	Industry Rapid Analysis
MALR	Ministry of Agriculture and Land Reclamation
RFP	Request For Proposal
SRD	Samuel R. Daines Research Group
UK	United Kingdom
USA	United States of America
USAID	United States Agency for International Development
USDA	United States Department of Agriculture

European Union Markets for Egyptian Food Products - Opportunities, Competition and Egypt's Market Position

Introduction

The fifteen member countries of the European Union (EU-15) imported food and agricultural products valued at about 195 billion ECU, or \$253.5 billion dollars in 1997 (1 ECU = US \$1.2 = Egyptian pounds). Of this total, two thirds was composed of imports by one EU member country from another (intra-EU trade) and almost one third, or about \$80 billion dollars came from countries outside the EU (Extra-EU trade). Egypt provided about one fourth of one percent of total EU agricultural imports.

Some of the growth areas in the EU market for processed food products include beverages, confectionery, fruits and vegetables, and spices. Imports from non-EU countries account for between \$15-20 billion dollars and represent a substantial opportunity for Egypt. The Agriculture Led Export Businesses (ALEB) project funded by the U.S. Agency for International Development (USAID) and implemented by Abt Associates Inc. and its subcontractors is directed at increasing the level of value added exports by Egypt and increasing their contribution to economic growth.

The ALEB project is providing technical assistance to Egyptian agribusiness aimed at increasing its competitiveness and having a measurable impact on Egyptian exports over a three to six year period. Looking at recent trade flows can be very useful in helping to target activities so that they will have maximum impact. Where Egypt is already exporting a product to the EU, as is the case for 20 of the 63 products (see Table 5) identified on the ALEB list, a top priority should be to examine ways that those exports may be increased, both by increasing sales of the product in existing markets and expanding sales to other EU markets. Later sections of this report present preliminary findings of examination of trade barriers and regulations, along with preliminary findings in interviews with current and prospective customers in selected EU markets. These provide useful insights into opportunities that exist and constraints to increased sales.

Methodology and Approach

Comprehensive Scopes of Work were written to establish six teams – four for Europe and two for Egypt. One team was based in the USA to procure research and analyze trade data in the initial target market of western Europe while one team investigated and reported on regulatory and non-regulatory trade constraints in Europe and two teams conducted research and face-to-face meetings in the marketplace with importers, brokers, buyers and retailers. The final two teams conducted the Industry Rapid Analysis in Egypt, consisting of a telephone and fax survey of processing companies.

and a market basket survey of processed foods to validate processing capabilities potential target companies and brand names

European countries identified as initial target markets were selected based on a subjective threshold of importation of nine percent (9%) or more of Egyptian agricultural exports (1998 figures) predicated on the assumption that existing trade relations and marketing channels were well established Product categories from the nine product categories in the RFP (Table 1) were ranked on a weighted basis according to the following parameters

- Raw material availability
- Dollar volumes (contribution to the project's goals)
- Export growth trends
- Technical capabilities
- Technical capacities

Table 1 Processed Food Industry Segments in Egypt

Item #	Product Sector	Targeted Rank
1	Frozen Vegetables and Fruits	2
2	Dehydrated Fruits & Vegetables	1
3	Fruits and Vegetable Juices and Concentrates	5
4	Jams and Preserves	7
5	Dairy Products	6
6	Processed Meat/Fish Products	9
7	Biscuits Confectionery and Pastry Products	8
8	Bagged Canned and Glass (value added) packed vegetables pickled etc including tomato products	3
9	Dry blends soup mixes bouillon dry sauce mixes and baby food	4

The potential exports of processed meat products are limited due to the GOE constraints limiting processors to importing their inputs in order not to drive up the price of meats in the domestic markets Due to known European trade policies concerning dairy products and considerable competition in confiture (preserves) confections and pasta products, plus declining trends in these product areas, accounted for the final ranking Moreover a first run at trade data showed that vegetable products (07) make up about 88 percent of the total 1997 reported imports from Egypt for the products on the initial ALEB target list Accordingly, fruits and vegetables and their derivatives were selected as the top five categories of opportunity Finally specific product categories were winnowed based particularly on initial information on crop availability including food safety issues (known cultural practices) and to the above strictures Three teams then traveled to seven European countries to determine demand for and gather data about potential exports of Egyptian processed food products to European markets with existing distribution networks of a certain magnitude Results of the identification of

at least six (6) target product lines, plus potential "pipeline" opportunities are documented in this report

Industry Rapid Appraisal

The IRA was conducted in close collaboration with the Marketing Information (MarketPulse) Task 1 staff, who largely focused on data gathering in Egypt and from international databases, while the Marketing (Task 3) teams worked in the USA, Egypt and in Europe to collect demand, preference, and competitor data in order to identify the target product lines with the most potential for increased export growth. Initially, data from sources such as EuroStat, FAO, MALR, and CAPMAS were analyzed to begin focusing attention on the products in high demand currently. Next, researchers went on-site in Europe collecting data from other sources including importing companies and brokers, food store chains, associations, food processors, and other relevant industry players. These data were analyzed and compiled with Egyptian supply, quality, and capacity information to determine the best opportunities for the project to target in Year 1 (1999). In addition, the Task 3 Leader and subcontractor Allied Corporation conducted a major survey of more than 125 food processing companies in Egypt by individual interview, fax, and telephone interview. Approximately 75 had responded by the date of the end of the first contractual trimester – 10 May 1999. The results of this survey have been entered in an ACCESS database that is being refined to provide searchable fields and reports of use to the **ALEB** team and other GTG partners. This database will be a working structure that will be added to as new companies are contacted and interviewed. It will also be used to track interventions and to develop baseline data concerning companies and their progress over the life of the project. (Concerns of industry participants who agreed to participate in this survey are being taken into account as **ALEB** develops reports and allow access to this database)

In undertaking the **ALEB** project, a preliminary list of 63 potential products which Europe was interested in importing from Egypt, was identified with potential initially ranked based on interest from local industry and aggregate trade flows. These products fall into 21 four-digit product categories. For purposes of this project, staff of the **ALEB** project have defined value-added products as those that have been processed. This includes fresh products that have been cut, sliced, diced, minced or chopped and products that have been frozen, dried, canned, juiced or transformed or converted to another more value-added product.

The analysis of trade flows relies on Eurostat and FAO data to calculate the size of the EU-15 market and individual member country markets for specific products, using data at the four-digit and eight-digit CN code level. EU imports are tracked using CN codes, which are very close to the HS codes used in tracking U.S. exports, but do not match exactly. The analysis looks at the size of current imports and the key competitors who supply the market, both inside and outside the EU. The analysis also identifies products that Egypt is already exporting to EU countries, which markets are currently the most important, and who Egypt must compete with for those markets if it is to expand exports. In cases where specific trade barrier or regulatory issue concerns have been identified, they are briefly noted.

During 1997, the 15 EU member countries purchased imports valued at 2.2 billion ECU or \$2.9 billion dollars for the 21 product groups targeted by the

ALEB project at the four digit level. Of these imports, three fourths come from other EU member countries. The top suppliers from outside the EU representing a \$725 million dollar opportunity for Egypt, are Turkey, Brazil, the U.S., Poland and China, as can be seen in Table 6 (See Tables Section).

The findings are supplemented by findings of a rapid industry analysis (IRA) conducted through interviews with traders and food processing companies in Europe by Abt Associates and its subcontractor Samuel R. Daines Research Group (SRD). Countries covered in the European IRA include Belgium, France, Germany, Italy, Netherlands, Switzerland, and the UK.

Report Organization

This report is organized as follows. Chapter 2 provides background on Egypt - European Union trade relations, Chapter 3 presents highlights of findings on European market trends based on field work conducted during the IRA. Chapter 4 presents findings of analysis of trade flows for the preliminary list of products being targeted by the **ALEB** project. Chapter 5 presents conclusions concerning certain targeted product opportunities and preliminary discussion of implications for targeting technical assistance under the **ALEB** project to increase Egyptian processed food exports.

For the ease of correlating narrative to relative data, a number of tables and charts are included in the body of the report. Where tables are extensive and pose the risk of derogating the reader's ability to retain the narrative flow and subsequent understanding, these have been included in the section entitled Tables and Charts.

European Market Regulations and Prospects for Egyptian Food Exports

This chapter lays out some of the highlights of the regulatory issues affecting European markets for Egyptian food products, and key issues that will be necessary for the **ALEB** project to track over the next several months and years. The first two sections discuss the overall EU market market access potential growth and its implications for Egypt. The next section discusses the process of harmonization of food law underway in the EU, and what it may mean for Egyptian exporters of products targeted by the **ALEB** project. The next two sections present Euro-Egyptian cooperation agreements currently being renegotiated, potential "threats" and opportunities to the Egyptian food processing industry and some highlights of differing national requirements that exporters must be prepared to address. The last section presents some preliminary considerations and recommendations for Egyptian Exporters and the **ALEB** project.

EU Trade Issues Affecting Egypt

Foreign Ministers of the European Union (EU) and Mediterranean Countries met in Stuttgart Germany on April 15-16, 1999 where they reaffirmed the importance of establishing a 'Euro-Mediterranean free trade area' by the year 2010. The Ministers also agreed that the network of Association Agreements between the EU, Egypt and other Mediterranean countries should be pursued and that these should incorporate reciprocal agricultural concessions.

Bilateral trade negotiations between Egypt and the EU have also been proceeding. Egypt has asked for limited reductions of duties on processed agricultural products and slight increases in the market access quotas for traditional exports, such as potatoes and dried onions. Negotiations have been stalled over access to the Egyptian market for European dairy and beef products.

Expansion of the EU – More Opportunity But More Competition

As the 15 member countries of the European Union gradually enlarge to add more of the 10 Eastern and Central European Countries and Cyprus, the market will increase from 370 million toward 475 million. For Egypt this will mean more market opportunities, but also more potential competition. For example, as important producers of specific products become EU members - Poland and frozen strawberries, for example - they will benefit from advantages relative to those outside the EU in terms of tariff treatment and market access. This makes the kinds of agreements that Egypt is able to negotiate for products it targets for export expansion especially important.

The Agenda 2000 process aimed at expanding the EU is moving forward. The Treaty of Amsterdam went into effect May 1, 1999 putting in place many

of the institutional reforms needed for further expansion. At the Berlin Summit held March 24-25, 1999, heads of state agreed to reforms of the EU Common Agricultural Policy (CAP) aimed at controlling costs, making enlargement of the EU possible.

Harmonizing Regulations

A number of other developments aimed at harmonizing regulations on market access for food products among the EU member countries and implementing consistent systems to ensure food safety address product quality ingredients, labeling and environmental requirements are under way. For the moment, even where regulations are consistent, their application by national authorities may vary. All of these factors have important implications for Egyptian food companies interested in targeting EU markets with assistance from the ALEB project.

Egypt – EU Trade Relations

EU and Egypt are in the midst of negotiations on market access. EU feels that Egypt doesn't use access it has - and hasn't been very aggressive in asking for more. Extra tariffs for processed products that include sugar grain products and dairy that are supported in the EU are imposed on imports. Egypt has asked for reduction in this area of extra protection for small quotas on selected products - and is likely to get 30 percent reduction for 1000 mt on this and that - not a big deal. The EU is seeking access to the Egyptian market in return - especially for dairy and beef - but also processed products, which may explain some part of the reason Egypt has not asked for many concessions.

Trade relations between Egypt and the then European Community were initially governed by a 1972 interim agreement that granted Egypt access quotas during specific market windows for a variety of products but especially potatoes, onions and garlic.

Since 1992 the EU has been moving toward a new Mediterranean Policy based on reciprocity in trade concessions. Cooperation agreements being negotiated with the Maghreb and Mid-East countries are now guided by central principle agreed in 1995 at Barcelona - to move toward a free trade agreement by 2010. Details have been further refined in two follow up meetings, including the April meeting of foreign ministers in Stuttgart and in bilateral negotiations.

EU officials report that Egypt has asked for increased market access for potatoes oranges, fresh strawberries bulbs tomatoes onions garlic cucumbers leguminous vegetables artichokes frozen vegetables, grapes melons and other fruits.

The EU has asked for reciprocal access to the Egyptian market especially for dairy and frozen beef products both of which are in surplus in the EU. The EU is also seeking improved access for live animals fruit and vegetable preparations and vegetable oils. At the time of our interviews in April 1999 Egypt had not responded to these requests.

The perception among EU officials interviewed is that once there is agreement on some reciprocal concessions by Egypt, the EU will provide a set of concessions to Egypt for a three-year period. If they see improved capacity at the end of that three-year period they will be willing to expand the concessions. On processed products the concessions will generally be in opening small quotas within which the agricultural adjustments, described below, will be reduced by 30 percent. The EU normally reviews agreements after five years, but officials indicated that they would do so after three years if Egypt were making use of the access it gains.

How EU Import Duties Work

EU import duties on processed agricultural products are generally composed of an ad valorem, or percentage duty, and an agricultural adjustment component (noted as EA in the tariff schedules). The agricultural adjustment is intended to take account of the use of product protected by the Common Agricultural Policy (CAP) in processed products. For example, in the case of frozen strawberries with sugar, there is a 21.7 percent ad valorem duty and then an added 8.8 Euro per 100 kg agricultural adjustment to reflect the protection that would be levied if the sugar content had been imported directly.

On some products, Egypt will benefit from the EU's Generalized System of Preferences (GSP) accorded to developing countries so it will not have to pay the ad valorem duty only the agricultural adjustment amount. However many of the products that Egypt would like to export are also produced in the Southern tier EU member countries so there are protections and market access restrictions during certain periods of the year.

Health and Safety (Phytosanitary) Issues

Because EU member countries also produce many of the products that Egypt export or would like to export, there are also phytosanitary concerns. For example, the EU recently banned imports of potatoes from Egypt because of brown rot problems. Under the GATT agreement there are provisions for regions of a country to be certified as pest or pathogen free even if a country is not free. Egypt and the EU have had a long history of issues with brown rot on potatoes, which are the most important Egyptian horticultural export to the EU. Egypt has had pest free areas, but the EU indicates that it has concerns that even in the zones certified as pest free Egypt does not have the control capacity to make this work. EU officials indicated that as permitted by trade agreements after five interceptions of potatoes with brown rot in March 1999, they closed the market to Egyptian potato imports. ALEB fieldwork in France and Italy indicated that Egyptian potatoes were still on the market although they may have been imported before the ban. Because of seasonal market limitations this may not have a big impact on Egypt this year. Nonetheless, potatoes are Egypt's largest horticultural export to the EU so such developments are important.

Furthermore, news of pests or pathogens on one product can have impacts on general perceptions about the quality and safety of a broader range of products. ALEB may want to work with trade groups representing all of agriculture that may have its market hurt by such quality problems and perceptions.

There are a number of health, safety and related issues under discussion in the EU that have the potential to affect markets for Egyptian products, both positively and negatively. Three areas of special interest include:

- The Hygiene Directive currently under discussion specifies standards for national food laboratories that will certify safety of foodstuffs
- The Green Paper on Food Law lays down a variety of principles that are likely to be of potential importance to Egyptian exporters, and
- The EU does not set specific food standards, but it does attempt to make it easier for products from one member country to be acceptable in other member countries. There are also efforts to protect the right to labeling products by geographic origin and with specific characteristics, such as organic foods.

During preliminary fieldwork we have assembled information on these topics that can be useful in the ALEB projects efforts. It will be best to provide additional details on these issues once the list of target products has been further focused so that we can target our analysis to a level of detail needed by potential exporters of specific products.

European Market Trends of Special Interest to Egyptian Exporters and the ALEB Project

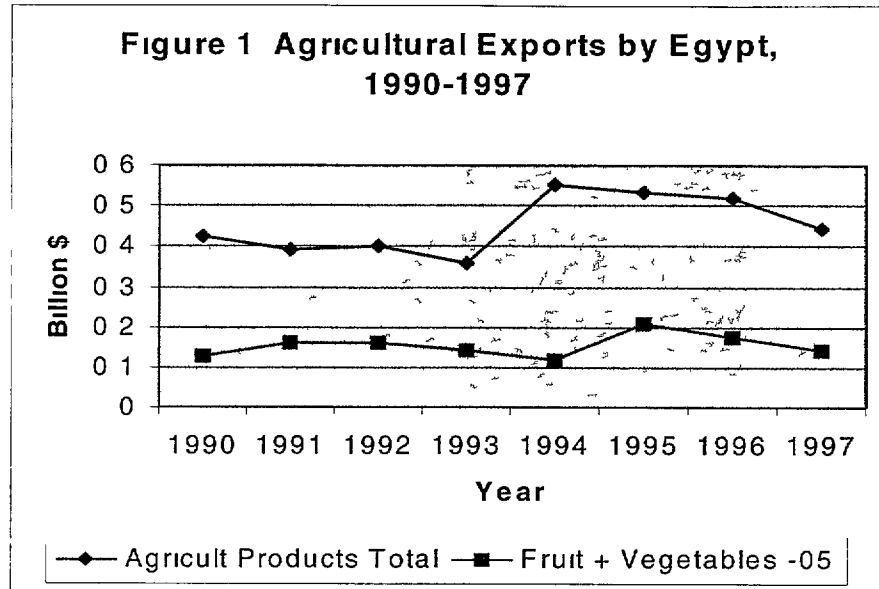
Egypt's Food and Agriculture Exports

Egyptian agricultural exports to all markets averaged about \$500 million between 1995 and 1997 (Table 2), up 20 percent over the 1990/92 average, but characterized by substantial volatility. Cotton has been the largest single commodity accounting for over 20 percent of the total value of all agricultural exports. Rice is the second largest commodity in terms of export value accounting for around 16 percent of the total. Fruits and vegetables are the most important group of export commodities, accounting for around 35 percent of the total value of all agricultural exports.

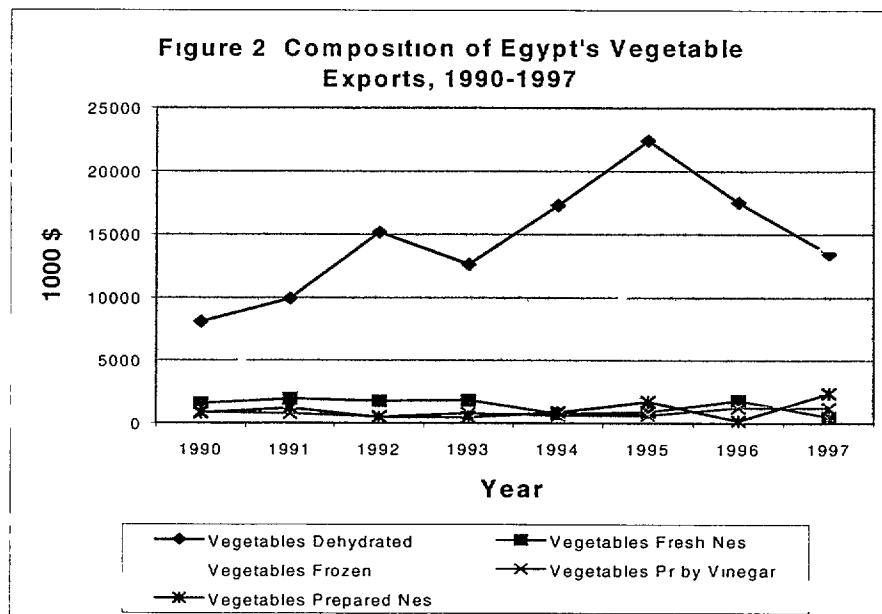
**Table 2 Composition of Egypt's Agricultural Exports
1990/92 and 1995/97 Averages**

Agricultural (\$1000)	Item Products	Total	1990 - 1992 406 409	1995 - 1997 499 822
	Cotton Lint		24 55%	23 63%
	Milled Paddy Rice		8 90%	16 28%
	Potatoes		9 26%	14 89%
	Crude Organic Materials 29		7 12%	7 01%
	Oranges		10 34%	2 96%
	Onions Dry		2 95%	2 73%
	Vegetables Frozen		1 49%	2 38%
	Food Prepared Nes		2 60%	1 91%
	Bagasse		1 08%	1 79%
	Anise Badian Fennel		1 37%	1 61%
	Sugar Confectionery		1 13%	1 08%
	Molasses		1 96%	0 73%
	Dairy Products		1 04%	0 57%
	Tomatoes		1 82%	0 31%
	Sheep		1 44%	0 09%

Variation in fruit and vegetable exports strongly influenced the overall performance of the Egyptian agricultural export sector between 1990 to 1997, as can be seen in Figure 1

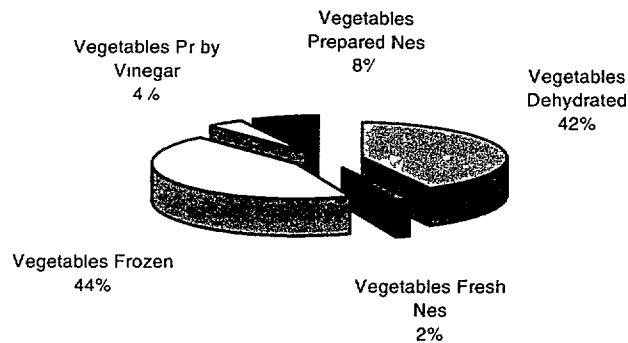


Frozen vegetables have been particularly important projects with imports growing rapidly over this period (Figure 2)



Frozen and dehydrated vegetables were the two major products in Egypt's export vegetable sector in 1997 each accounting for over forty percent (40%) of the fruit and vegetable commodity export group total (Figure 3)

Figure 3 Composition of Egyptian Vegetable Exports, 1997



Factors Affecting European Demand for Processed Foods

The market for processed foods in Europe is growing, stimulated by a number of consumer trends. First, lifestyles are changing and more Europeans are buying convenience foods, carry out items and snack foods. Secondly, at the household level, there is less interest in spending time in the kitchen preparing meals, drawing consumers to pre-cut frozen vegetables or ready-made meals. Finally, interest in ethnic and exotic foods is rising and consumers are trying canned sauces or frozen meals that use different spices and ingredients.

However, when questioned, many European consumers still maintain that fresh is best. A UK research firm, Healey & Baker, found a clear preference across Europe for fresh rather than frozen food, with 80% of respondents slightly and strongly agreeing with this statement. The Polish had the strongest demand for fresh food, while 11% of British customers preferred to buy frozen rather than fresh. Italians also prefer and favor fresh produce (especially compared with Northern European consumers), but changes in lifestyles are making Italians spend more on frozen vegetables and convenience food.

Foodnews reports that increases in per capita incomes, urban population, the numbers of working women and single member households has encouraged Italians to eat out more often and purchase convenience foods. The report also indicates that frozen vegetables account for nearly half the frozen products sold in Italy, with consumption increasing at 11% annually and sales of frozen ready meals accounting for 20% of sales in the sector.

There are also some supply-side factors affecting the market for processed foods. Improved distribution channels for frozen foods combined with consolidation within the retail sector contribute to increased sales as new products have adequate market outlets in supermarkets. One Italian firm interviewed for the Egypt IRA produces frozen pizzas for supermarkets in Italy and are so successful they are now launching their product in the United States of America.

Opportunities and Challenges in Belgium and France

One problem for Egypt is that the country is not viewed as a major food products supplier to Europe. French importers interviewed indicated that peanuts and olives were the best-known value added products. Potatoes, garlic and artichokes are best known among fresh products. Several of those interviewed said that they are often looking for new products. Two people indicated that they had sought Egyptian products but had not been offered much to buy. Several reported that more often they find Egyptians coming to them as buyers. One special interest mentioned was feta cheese from sheep's milk. For all of the ALEB target products, importers already have sources of supply, so Egyptian suppliers will have to provide some advantage to sell into the market.

While Belgium is a smaller market, we did find one importer who handles imported fruit juices, spices and some frozen food products from Egypt. The experience reported was in some respects positive but with many opportunities identified to help strengthen export competitiveness.

In both France and Belgium, those interviewed were very interested in exploring opportunities to handle more products from Egypt. The common refrain was "Show us samples and price lists!" There were repeated suggestions that Egyptian exporters who want to sell in Europe need to make an investment in getting to know the market, the kinds of products that are sold in ethnic and mainstream markets, and the kind of competition they face. Exporters were urged to attend ANUGA¹ and SIAL or other smaller trade shows. Even visits to wholesale and retail markets in selected European countries will go a long way toward showing Egyptian exporters what they will have to do to compete – in product quality, packaging and price.

One French importer said that part of the challenge in the ethnic market for canned products is that people whose origins are in other countries are not necessarily familiar with Egyptian brands or products. He suggested that targeting those countries, regions and cities with the largest ethnic Egyptian populations would be a good starting point. Another French importer of garlic and potatoes indicated that he has seen major improvements in the quality he receives in recent years.

A Belgian importer, who has imported a variety of Egyptian products including cumin, mango juice and frozen falafel, indicated that frozen fruit and vegetable products from Egypt tend to be more expensive than those available from suppliers in France and Belgium.

He indicated that packaging (plastic), quality and numerous details such as package sizes that match what the consumer demands, labeling (design, languages besides Arabic and English and lack of bar codes) as well as prices make it hard to buy more Egyptian products. The importer commented that it is really important to get Egyptian suppliers to Europe and the U.S. so they have a "feeling" for the market.

¹ ANUGA is scheduled for October 9-14, 1999 in Cologne, Germany. Lodging gets very tight, so if ALEB is going to send a delegation from Egypt, arrangements should be made soon.

French and Belgian importers were quick to point out the quality of some of the products they buy from Turkey Israel, Morocco and Tunisia many of whom are already better established in the market and with which Egyptian exporters will often have to compete It is also clear that Egypt will compete with suppliers from Spain, Portugal, Southern France, Italy and Greece who benefit from being part of the EU, and suppliers in Eastern and Central Europe who will become part of the EU

In targeting expansion prospects in Europe there is clearly a need to segment markets and think about

- 1) How to compete in the ethnic/Arab food market - where similar products come from suppliers throughout N Africa and the Mideast and
- 2) Crossover marketing to mainstream European markets - possibly first as private label suppliers to supermarket chains

Trends and Opportunities in Food Processing in Italy

Italy as the largest importer of agricultural products from Egypt represents good potential for Egypt for several reasons First, it is a large and growing industry consisting of about 80,000 firms, employing over 300 000 persons representing revenues of between \$75-\$100 billion dollars Secondly while there are many small and medium-sized firms the industry has a few very large and dominant firms (the concentration of the industry has accelerated due to mergers and acquisitions) The largest 20 firms account for over one-quarter of total revenues and total employment in the industry led by Danone Parmalat Unilever-Italy, Nestle-Italy and Barilla One of the important factors contributing to the growth of large firms is the globalization of the food business, so that firms are looking for interesting trade and investment opportunities, at the same time they are focused on operational efficiency through modernization of plants Another driving force causing structural changes in the industry is the Italian consumer who is now buying more processed foods and turning to supermarkets Supermarkets are now doing much more private labeling and one group in Italy reported interest in co-packing in Egypt Other obvious opportunities are represented in the processing areas of food ingredients including dehydrated fruits and vegetables herbs and spices

Trends in Grocery Marketing Italy Compared to Other Countries

Trends in grocery marketing in Europe vary by country and although supermarkets and hypermarkets are more and more prevalent in the major European countries, Italy still has many small and medium sized markets A recent USDA report on the Italian food and grocery industry listed the distinctiveness of the Italian industry compared with the rest of the rest of the European market

- ❖ A very large number of points of sale per person (47 points of sale per 10 000 inhabitants, versus 21 in Spain 13 in Great Britain 19 in Germany and France)
- ❖ Small store sizes (140 square meters per 1 000 inhabitants versus 175 in Spain 205 in Germany and 240 in France)

- ❖ An underdeveloped concentration of distributing companies that has invoiced a substantially smaller amount compared to the multinationals in the rest of Europe. In 1996, 13,300 billion lire for the Italian Coop, 5,400 for the food sector at Rinascente, 5,050 for the Gruppo GS, versus other EU power houses of Metro, 91,972 billion lire, Edeka, 60,225 and Tengelmann 56,798
- ❖ A disproportionate number of small and medium sized stores (35% of food and grocery space still belongs to superettes and only 10% to hypermarkets, while in France 40% of modern space belongs to hypermarkets and only 5% to superettes)

Table 3 Grocery Stores and Markets Number of Points of Sale, by Type and Region (based on retail food stores with a selling area superior to 400 square meters) Source: Reproduced from USDA/FAS Web Page

	Total Italy	Area I North West	Area II North East	Area III Middle & Sardegna	Area IV South
Population	57 268 578				
	# Stores	# Stores	# Stores	# Stores	# Stores
Discount	1 985	598	534	421	432
Hypermarket	190	92	43	33	22
Supermarket	6 280	1 492	1 535	1 393	1 860
Superette	5 633	1 119	1 618	1 341	1 555
Other*	96 729	23 779	17 033	23 024	32 893
Totals	110 817	27 080	20 763	26 212	36 762

* Other refers primarily to small family owned food outlets like bakeries, fresh fruit and vegetable outlets, dairy stores, butcher shops, etc.

Marketing Channels in Italy

Private labeling, co-packing or sales directly to retailers in Italy represent a major opportunity to Egyptian exporters, bypassing brokers and accordant fees. The USDA report categorizes the retail grocery industry in Italy into buying groups, chain stores, cooperatives, and voluntary unions, with names of major companies as follows:

Buying Groups Association between wholesalers, each maintaining independent legal status, but with the objective of centralizing the buying function to remain competitive with big supermarket chains. Examples: Conad, Crai e Sigma (adherent of Siro), Sisa (adherent of Gruppo Insieme).

Chain Stores Sun, Gruppo GS, Rinascente, Esselunga, Standa, Pam, Lombardini, Gruppo Finiper.

Cooperatives Cooperative buying. Examples: Coop Italia.

Voluntary Union Despar, A&O-Selex e Vege (now Euromadis), Italmec, Gea e Gigad (now Mdo), C3 (adherent of the Gruppo Insieme).

Northern European Markets for Frozen Foods

Per capita consumption of frozen food in Northern Europe is the highest in the U K where the industry is comparatively mature. UK consumers eat 29 kilos of frozen foods per year, while those in Germany consume only 12kg and France only 15.2. While this would appear to suggest that the UK market may be saturated, and that opportunities are best in the other countries, SRD survey work suggests that this is not true. The UK market has been growing more steadily than the German market. It does appear to be true for France where substantial margin for increased consumption is matched by very rapid growth in actual consumption.

In the UK frozen foods as a whole have grown 16.5% over the recent five year period, maintaining a steady 3%+ annual growth rate. Frozen vegetables have grown over 30% in the U K during the recent five years while frozen mixed preparations have grown over 52%. By comparison frozen meats have decreased 3.4% and seafood grown only 1.3%. The "other category" which includes frozen fruits, has grown 29.7% over the same period in the U K. As a percent of total frozen food value in the U K frozen vegetables have a 21% market share, while mixes account for 26% and "other" which includes frozen fruits has only a 6% share.

In contrast to the U K, frozen foods in Germany have experienced only a total five-year growth of 5.8% barely more than 1% per year. Frozen vegetables have been almost static (2.3%) while meat and seafood have both experienced negative growth. The only dynamism has been seen in frozen mixed preparations and others including frozen fruit. By comparison, the "other" category has grown twice as fast (26%) as the frozen mixed preparations group (11.7%). SRD contacts with German companies confirmed these overall trends.

Dried Fruits and Vegetables in Northern Europe

Dried fruit and vegetable trends in Northern Europe appear to be affected by largely different factors. Dried fruit trends are benefiting from association with the 'healthy' movement as a 'natural' snack food. The second trend in dried fruit is more complicated and has to do with new technologies for substantial improvements in taste that can give rise to essentially differentiated new products.

Dried vegetables, herbs and spices exist in two rather distinct market segments: the smaller one consisting of final consumer products sold through supermarkets and the second consisting of industrial ingredient markets. Both of these markets are relatively mature markets where competitors position around niche opportunities based on competitive advantages. In the case of Egypt that advantage is largely founded on cheap available supplies of raw vegetable material for dehydration. There is little seasonality in the dried vegetable trade and few transport advantages due to low-weight/price relationships.

Dried Fruits

SRD reports two important recent market trends could provide solid niche opportunities and competitive positioning for Egypt in the very competitive market for dried fruit in Northern Europe. Europe is awash with relatively cheap Turkish apricots. SRD believes that getting up the curve on two trends could provide Egypt with a medium term niche with competitive advantage. The first trend is "fresher" dried fruit with more of the subtle flavor of the fresh fruit and less "cooked" flavor. There are two ways to achieve this "softer", "fresher", "fruitier" long-term trend objective. The first and most common "fix" is to partially "reconstitute" the fully dried product with fluid content, much like reconstituting concentrated juices. A second option that SRD believes has merit is partial dehydration.

In the UK market the partially reconstituted dry product is repackaged as "Ready Soaked". Unfortunately, this gives only the touch and feel of "fresher" "softer" "fruitier" without any real "fresher" flavor. Adding water cannot restore the flavor essences driven off in the drying/cooking process. Even so, the "Ready Soaked" product must be refrigerated after opening and because of the low-brix has a short shelf life. The Turkish industry is very far behind the curve on moving to take the real fresh taste advantage offered by new technology. They supply a product which pretends to connect to this "fresher" trend but is vulnerable to competition because it (a) can't produce on fresher flavor, and (b) reaches the supermarket shelf as a very high cost product. This is because it must be reconstituted and repackaged in the UK with wage rates over \$12/hr. thus losing any wage rate advantage the Turks have versus the EU.

SRD believes that the Egyptian advantage could be to combine wage rate advantage with real "fresher" taste advantage by producing a "partially" dried product and packaging it in Egypt. The principal dried fruit opportunities identified in the Northern Europe markets are partially dried apricots, mangoes, berries, and peaches. Mixtures of dried fruits and nuts (trail mix and other formats) also have growing demand positions.

Dried Vegetables

SRD indicates that in Northern Europe some of the best market opportunities for dried vegetables are dried peppers, dried tomatoes and dehydrated onions. Dried bell peppers in formats from mixed color strips, diced and marinated preparations all have excellent connections to solid long term "convenience" consumer cooking trends, and industrial potential in value-added tomato and dried blend formats. Recent import trends for these and other products are presented in the next chapter.

European Union (EU) Member Country Imports Of ALEB Target Products

Europe's Food and Agriculture Imports

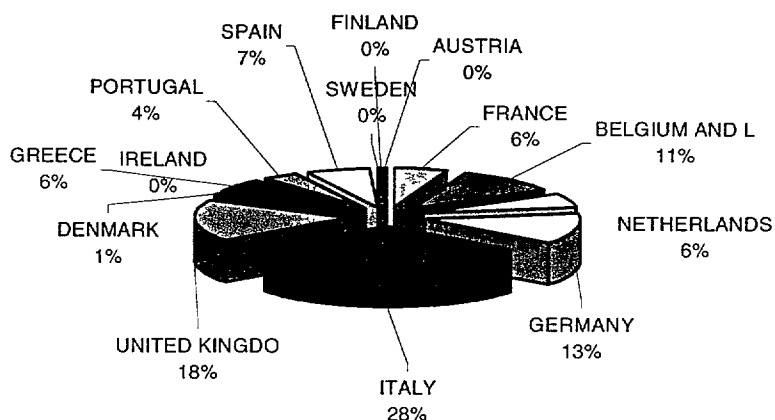
Agricultural products account for a small portion of EU total merchandise imports. In 1997, agricultural imports were around 11 percent of total EU imports, valued at around 195 billion ECU. Of the agricultural imports reported by the EU, over 67 percent were from its member countries. Egypt contributed only 0.23 percent of the total EU agricultural product import market (Table 4).

Table 4 EU Imports, 1997

	Total Imports	Agricultural Imports
EU Total(1000ECU)	1 770 168 619	194 978 394
Intra	62 10%	67 22%
Extra	37 90%	32 78%
Egypt	0 15%	0 23%

The largest EU country market for the Egypt's agricultural products has been Italy, which imports 28 percent of the total, followed by the United Kingdom 18 percent (Figure 4). Germany, Belgium and Luxembourg, Spain, France, The Netherlands, Greece, Portugal and Denmark all imported agricultural products from Egypt during 1997.

Figure 4 EU Imports of Agricultural Products from Egypt, by Country, 1997



The following analysis looks at the commodity specific import structure of EU countries, and Egypt's role in it. The analysis is organized by product groupings based on the "Preliminary Potential Products List, derived from an initial demand survey conducted in March 1999 (See Table 5). Findings by group and product are summarized in tables 6 and 7. The initial organization was at the 4-digit CN level (Table 6), followed by more detailed product level analysis at the 8-digit level (Table 7). Tables 5, 6 and 7 are contained in the Tables and Charts Section, due to their length.

Dairy Products

Egypt will face a difficult time in exporting dairy products to the EU. Yogurt, milk and cream are provided almost exclusively by EU member countries. The EU's dairy policy uses national quotas to restrict production of cow's milk in member countries and makes it difficult to get access to the market from non-member countries. The EU has large stocks of dairy products and would like to increase its own access to the Egyptian market. Within the EU, there is a small market for cheese from outside the EU, and some importers interviewed voiced an interest in Feta cheese made from sheep's milk. However, most dairy product imports into the EU (and into the U.S.) are currently supplied under long-standing quota (now tariff quota) concessions. Under the above scenario, establishing EU markets for Egyptian dairy products is highly improbable.

Exports of dairy products by Egypt are a small portion of its total agricultural exports, averaging only 0.57 percent over the period of 1995 to 1997. Four-digit level analysis of this product group - CN 0403 and CN 0406 - indicates that over 90 percent of EU imports of dairy products originate from member countries (Table 6).

EU imports of milk, cream and yogurt (CN 0403) originate almost exclusively (99 percent), from member countries. The largest importers are Germany (35%), France (22%) and Belgium (16 percent). Only 0.6 percent of the total is imported from non-member countries, notably the United States (0.04%) and Israel (0.03%).² Cheese and curd, CN 0406, imports are significantly larger in value than CN 0403, around 6 billion ECU. For CN 0406 imports, about 93 percent originate from member countries, with the largest share coming from the Netherlands (24%) and France (20%). A relatively larger share, compared to that of the milk, 7 percent, are imported from non-member countries, led by Australia (0.45%) and Canada (0.43%). Egyptian exports account for only 0.01 percent of the EU market in this product category. A more detailed analysis of this product category for products CN 040310 and CN 040610 indicates that Egypt has no share of the market for these commodities in the EU (Table 7).

Opportunity for Egypt

Currently, the European Union is the largest supplier of dairy products in international markets, with approximately one-half of the world dairy total exports. These exports are impelled by use of subsidies that are being

² Because of the way that EU trade data are organized, not all non-member country suppliers to the EU are easily identifiable. Thus, exports by some supplier countries may have been overlooked in reporting.

scaled back as the EU complies with its Uruguay Round commitments. As the availability of subsidies is reduced, the EU will be faced with implementing reductions in production quotas for its own milk producers or otherwise absorbing an additional quantity of dairy products previously exported. The difference in internal EU prices and world market prices for dairy products excludes the possibility of commercial dairy exports from EU member countries without subsidies.

But opportunities may exist in the dairy segment in Egypt. Excess technical capacity in the EU and excess processing capacity in Egypt coupled with the recent completion of the COMESA trade agreement, to which Egypt is a signatory, may present strategic alliance opportunities. One large Italian dairy product firm, a major producer of yogurt, indicated interest in exploring the feasibility of partnering (with an initial focus on serving the local Egyptian market). They had previously considered Egypt but had problems with milk quality. They are at present studying expanding into North Africa and would look into the possibility of an exploratory trip to Egypt for next year.

Frozen Vegetables and Fruit

As indicated in chapter three, exports of fruits and vegetables have been increasing in importance for Egypt in recent years. Between 1990 to 1997 Egypt's export in frozen vegetables increased from \$3.6 million to \$14.2 million.

Opportunity for Egypt

The USDA agricultural attache in Italy reports that the consumption of frozen food has risen over the past 15 years reaching a market total of US\$2bn, one-fifth of which comes from imported products. Firms interviewed in Italy reported that peas make up the majority of those imports, but there are also opportunities for frozen strawberries.

Buyers in France and Belgium indicated that with the exception of frozen artichoke hearts, Egyptian frozen vegetable and fruit products have not traditionally been price or quality competitive. Based on ALEB's in-country supply assessment, there should be important opportunities that can be developed, beginning with co-packing of private label products to the buyers' strict quality standards. But even more importantly, prices may be fluid if the initial IRA in Egypt is any indication. Excess capacity coupled with specific opportunities for frozen fruits and vegetables could result in more utilization of capital equipment (capacity), resulting in lowered marginal costs. Based on initial interviews, these reduced costs could be significant and could result in requisite price points needed to gain entry in the EU marketplace.

Frozen Sweet Corn

EU member country imports of frozen sweet corn and other vegetables (CN 0710) are valued at around 1 billion ECU. Over 78 percent of imports in this product category originate from member countries, with Belgium (27%) and Netherlands (14%) being the leading suppliers. Over 21 percent of this product category are imported from non-member countries, led by Poland (4%) and China (3%). Egypt's exports of the product category CN0710 account for about 0.08 percent of the EU market.

Because all corn is considered a grain protected by the CAP in the EU, import tariffs are adjusted to reflect the changing domestic grain market. In on-going trade negotiations between the EU and Egypt, tentative agreement has been reached to exempt imports from Egypt from one third of this additional amount on a small quota, with the intent to renegotiate in the event that Egypt uses the quota that it is accorded. This is an opportunity that Egyptian food processors should take advantage of. The United Kingdom alone imports ECU 22 242 000 of frozen sweetcorn from non-EU trading partners. Currently, Kenya exports frozen mini-cobs to the UK and commands a price of \$US18 for a package of two dozen!

Frozen Berries

The import market for product CN 0811, frozen strawberries and raspberries is smaller than that for frozen vegetables. However, a larger share of the imports of frozen berries originated from non-member countries - over 60 percent. Poland holds over 22 percent of EU market for this product followed by Turkey (4%). No frozen fruits of the product categories CN 08110 frozen strawberries and the CN 081120, frozen raspberries are imported from Egypt by the EU despite the relatively large value of imports that originate from non-member countries for these commodities.

The EU has special policy supports for growers of raspberries for processing that should be considered if ALEB decides to work on raspberries. Likewise with Poland the largest external supplier of frozen strawberries slated to join the EU during the next round of enlargement the implications for competitiveness should be examined in more detail if ALEB targets processed strawberry exports. EU sugar policy will also have an impact of the tariff treatment of sweetened frozen fruit products.

Opportunity for Egypt

One buyer indicated they would be interested in looking at IQF strawberries from Egypt, which, at the time of the interview, was somewhat difficult to source, compared to other times of the year. Six potential suppliers in Egypt could supply 3000 tonnes of IQF strawberries from mid-February to the end of May representing a seasonal advantage and an opportunity of \$US 3 300,000 in additional export growth.

Analysis by SRD indicates that if Egypt can produce frozen strawberries at \$US 0.64 per kg Egyptian suppliers can be even more competitive. SRD's analysis suggests the potential need to use methyl bromide to reduce costs to this cost level. Under the Montreal protocol directed at protecting the ozone layer the use of methyl bromide is to be banned by the year 2005. However, other methods of soil fumigation/sanitation exist including a cost efficient and applicable process for Egypt - solar radiation. This should be considered in working with Egyptian industry on strawberry production and processing.

But ALEB's analysis and field trips suggest that other improvements in cultural practices could also reduce marginal costs significantly such as higher utilization of improved varieties, different plant populations improved uses of plastic mulches and use of subsurface drip chemigation. In

analyzing statistical data to determine raw material supply and utilization we found that the average yields were barely more than half of the typical average of 3500 trays per acre in California

Other Frozen Vegetables

A detailed analysis indicates that the EU imports around 806 thousand ECU of frozen vegetable category (CN 071080) from Egypt. The major importer for Egyptian frozen vegetables within the EU is France, which has imported around 547 thousand ECU of this product. Egypt holds only 0.5 percent of EU import market from the non-member countries for this product category. For other frozen vegetables such as CN 071021, frozen peas and CN 071022, frozen beans, EU imports only a small amount from Egypt: 9 thousand ECU and 6 thousand ECU, respectively.

Opportunity for Egypt

Given the level of demand in France for frozen vegetables, Egypt is well positioned to ship frozen green beans, but may require more emphasis on fine and extra fine varieties. Other opportunities include peas, mixed vegetables and frozen artichoke hearts – a commodity that has enjoyed expanded processing capabilities and subsequent significant growth in Egypt over the last three years, according to CAPMAS statistics.

Brined Fruits and Vegetables

The EU imported over 100 million ECU of brined vegetables (CN 0711) in 1997. Over 68 percent of these imports originated from non-member countries, with the leading exporters being China (20%) and Morocco (9%). Egypt holds 0.01 percent of EU market for this product category. The value of imports of brined fruits by EU are relatively small, around 52 million ECU. Over 60 percent of this product (CN 0812), are imported from the member countries, Spain (18%) and France (12%). Israel holds the largest share of 11 percent as a non-member country to this market, followed by Turkey of 9 percent. Egypt currently has no exports of brined fruits to the EU. Yet there is almost a 20 million ECU market for brined strawberries alone from non-EU trading partners.

Dried Vegetables and Fruits

EU countries imported around 340 million ECU of CN 0712, dried onions and vegetables in 1997. About 45 percent of these imports were from member countries, especially Germany (12%) and France (12%). Of the 55 percent of imports which originate from non-member countries, China (13%) and the United States (13%) held the largest share. Relative to other products, Egypt is especially strong in dried onion and vegetables, accounting for almost 4 percent of EU imports. Market access for these products is in some cases governed by tariff rate quotas. EU officials report that this has not been a constraint for Egypt and indicated some willingness to expand quotas if they are used. Nonetheless, as an area where Egypt is relatively strong, it is important for ALEB to consider ongoing access as it works with Egyptian industry.

The EU import market for dried fruits is larger in both values of imports and the level of imports from non-member countries than is the case for dried vegetables. Egypt, however, accounts for only a marginal share of EU imports of these products. The EU imported over 779 million ECU of CN 0804, dried fruits, and over 65 percent of this total came from non-member countries. Imports from Egypt accounted for a 0.05 percent of market share while Turkey and Israel each accounted for around 7 percent of the total imports. The EU provides a variety of supports for dried grapes and dried figs produced within the market, which could be a consideration if ALEB decides to work on dried fruit.

Findings were similar for mixed dried fruits and nuts. CN 0813 EU countries import 262 million ECU of this product with only 34 percent originating from member countries. Over 28 percent of imports of this product category are from the United States followed by Turkey of 22 percent. Egypt holds no market share for this product category.

Opportunity for Egypt

A U.S.-based multinational food company has a large plant in Italy producing bouillon cubes and soups for Italy and export market. The firm is a market leader or at least no. 2 in bouillon cubes, soups, and sauces in many European countries. A business development executive interviewed said they would look at a sample of dried or dehydrated product from Egypt.

Analysis by SRD indicates that there is potential to expand exports of dried onions to various EU markets provided the product can be delivered at a CIF price of US\$2 per kg. SRD also indicated demand for partially reconstituted dried fruits as a niche specialty product.

Pickled Vegetables

Egypt holds around 0.04 percent of EU market for the product. CN 2001 pickled vegetables. Around 46 percent of EU imports of this product are from non-member countries with the leading exporters being Turkey (23%) and Morocco (5%). A more detailed analysis for product category CN 200190 indicates that Egypt exports around 100 thousand ECU of this product to the EU market. More than one half of these products is imported by Spain, 52 thousand ECU, followed by France, 32 thousand ECU.

Processed and Dried Tomato Products

The EU imports around 761 million ECU of CN 2002 processed and dried tomato products. Over 58 percent of these imports originate from Italy followed by Greece with 10 percent. Less than 10 percent of this product category are imported from non-member countries led by Turkey (4%) and China (1%). Egypt holds 0.02 percent of market share for this product category. As indicated in Table 6 Italy imports all of the CN 200290 exports by Egypt. The EU imports around 401 million ECU of this product. Egypt holds 0.03 percent of market share. The EU provides processing aids for tomatoes used in the production of concentrates and international markets tend to be fairly volatile which should be considered if ALEB is asked for assistance.

Canned and Glass Packed Vegetables and Fruit

The EU imported around 1 billion ECU of CN 2005, canned (peas, beans and asparagus), in 1997. Over 75 percent were imported from member countries, with France (20%) and Netherlands (15%) being the market leaders. China and Morocco hold relatively large share, over 4 percent of this import market compared to that of Egypt of 0.02 percent.

Over 95 percent of the product category CN 2007, jams and fruit jellies are imported from EU member countries. Of the 4 percent of imports originating from non-member countries, Turkey holds 1 percentage point of the market followed by Hungary with less than 1 point. EU tariff adjustments to account for its sugar policy are a consideration in looking at jams, jellies of other sweetened fruit products.

For canned and bottled fruits CN 2008, Egypt holds a 0.01 percent market share of EU imports. The EU imports almost 2 billion ECU of this product. Over 40 percent of the imports are originated from non-member countries.

Fruit Juices

EU countries imported over 3 billion ECU of fruit juices, CN 2009, in 1997. This is the second largest valued agricultural import product, following cheese at 6 billion ECU. Over 58 percent of the imports of fruit juices are from member countries, mostly from the Netherlands (19%) and Germany (11%). The remaining 42 percent of imports originate from non-member countries led by Brazil (18%) and the United States (4%). Imports of fruit juices from Egypt account for around 0.01 percent of the EU import market. A detailed analysis indicates that Germany imported 1 thousand ECU of juice of passionfruit or guava, CN 20098032 from Egypt in 1997. However, the largest importer of this product, France, which imports around 266 thousand ECU from non-member countries, reported no imports from Egypt. Trade interviews indicate that some mango and guava juice from Egypt was imported by Belgium in 1997 and 1998, but the quantities do not show up in 1997 EU trade statistics. SRD estimates that per capita consumption is highest in Germany, which consumes more juice than France and the UK combined. Italy barely exceeds the total consumption of Switzerland, which has a much smaller population.

The biggest growth area in juice is chilled juices, which have more than doubled in consumption since 1990 and will soon account for 10% of European fruit juice volume in the near future. The UK and Greece account for almost 80% of Europe's chilled juice total, the highest local market share is in Greece, at over 40%.

Opportunity for Egypt

Italy imports tropical juices. Pineapple, for example, is very popular, second only to orange and more popular than grapefruit. Tropical mixes are the fourth most popular. An executive interviewed in one of the largest supermarket chains said they would be interested in looking at what kind of tropical mix they could import from Egypt. He indicated that the biggest problem is usually packaging but that it was time to "open a window" on Egypt. One buyer interviewed in Belgium was impressed with the quality of

Egyptian Mango nectar (in 1 litre Tetra Pak with pour spout), which sells well in the ethnic Arab market. He indicated that while packaging quality is good labeling improvements could make the product more competitive in the mainstream.

SRD indicates that Egypt can be competitive in producing fruit juices composed of 95 percent of imported apple or grape juice and 5 percent tropical juices, such as mango, guava or passion fruit. If packed in imported Tetra Pak containers, a question to be investigated in follow up analysis is whether this will be cost effective compared to exports of concentrates of tropical juices available in Egypt for blending and filling in Europe. A project involving local blending and packaging might be most attractive if it is able to target the local market first, as well as the export market. It will be important to examine Egypt's own import tariff and regulatory treatment of juices for blending and packaging. One Egyptian bottler who is a licensee for a major European multinational has expressed interest in a strategic alliance to import and de-flavor apple juice and blend with local ingredients. There is interest in targeting the EU market, but also the local market and that of East and South Africa due to COMESA.

Pre-cut and Pre-packaged Vegetables and Vegetable Salad Mixes

The majority of this category of products is imported from the member countries, except for CN 0708, peas and beans, where more than half is reported to come from outside the EU. Egypt is an important supplier in this category accounting for almost 6 percent of EU imports. The question here is whether these are value added products or fresh, packaged green beans and peas. EU country imports are valued at around 248 million ECU. Table 6 indicates the Netherlands is the largest importer of CN 070810, peas, and CN 070820, beans from Egypt. Egypt holds more than a 6.5 percent share of the market for imported beans. This is the largest valued product export for Egypt in the EU market of 13 million ECU.

EU countries imported around 542 million ECU of CN 0703 onion and shallots, in 1997, with almost 80 percent coming from the member countries led by Netherlands (29%) and Spain (22%). Egypt holds over 1 percent of the EU market for onion imports. Again the question is whether they are to be considered value added. Table 4 indicates Greece imports the largest share of CN 070310 from Egypt of 1.3 million ECU followed by the United Kingdom 0.6 million ECU. Cauliflower, Cabbage and broccoli, CN 0704 and lettuce and chicory, CN 0705, are both imported mainly from the other member countries. Only around 1 percent is imported from non-member countries. Of the small amount of imports the US holds around 40 percent of CN 0705 lettuce and chicory market. Egypt exports none of these products to the EU.

Another product category, CN 0709 artichokes et al is the third largest valued intra-EU import to the EU market. The EU imports over 2 billion ECU worth of artichokes. Over 85 percent originate from member countries led by Spain (31%) and Netherlands (28%) (some of which represents transshipments). Around 14 percent of CN 0709 imports are from non-member countries, with Israel and Turkey having 2% each. Egypt holds a 0.06 percent share of the market for these products in the EU. A detailed analysis indicates EU imports from Egypt the products CN 070910

artichokes CN 070961, mushrooms, CN 070960 pepper/pimenta CN 0709700, spinach, and CN 07099060, sweet corn The leading export by Egypt of these categories of products is artichokes with imports of 618 thousand ECU of which over 68 percent are imported by France, followed by peppers with imports of 386 thousand ECU of which over 30 percent are imported by Netherlands

The next chapter recaps major findings of the market analysis and presents conclusions and recommendations for **ALEB** priorities in supporting Egyptian agribusiness and export led growth

Focusing Export Assistance under the ALEB Project

This chapter reviews the major findings on Egypt's market position and major opportunities identified in the course of the analysis of trade flows and market interviews. It then presents recommendations for focusing Export assistance under the ALEB project. First a targeted list of products is identified. Then preliminary priorities in terms of exporter technical assistance, training, policy issues and strategic alliance support are suggested.

Egypt's Market Position and Major Opportunities

Egypt vegetable product exports increased sharply between 1990 and 1997 especially of frozen products. However examination of EU imports shows that Egypt does not capture a significant share of the market for these products. Italy is the largest importer of Egyptian agricultural products. EU member countries generally import significantly less than one percent of their products from Egypt.

Our analysis of EU trade statistics looked at markets for 51 products at the 8 digit CN code level that were on the initial list of potential targets for ALEB project support. Egypt is only a supplier to the EU market for 20 of those products (See Table 7 in Appendices). Among the products for which Egypt does show up as an exporter, it is not always clear that the numbers reflect the value added products that ALEB seeks to target. For example the largest valued product export for Egypt in the EU market is CN 070820 beans with exports of 13 million ECU. This is also the largest market share for any product for Egypt, 6.5 percent of the total EU market and 13 percent of imports from outside the EU.

Overall, Egypt has less of a presence in the EU market than other non-member countries from the same region i.e. Turkey or Morocco. Table 8 (overleaf) shows the relative importance of a country in the EU market for the 21 aggregate (4 digit CN code) product groups considered in this analysis. For thirty countries considered as non-EU member partner country in this analysis more than half perform better than Egypt in the EU market. The largest exporter to the EU market for these products is Turkey with 2.76 percent followed by Brazil with 2.61 percent.

Four African countries, two Near East countries and four Latin American countries exceed Egypt's export share to the EU in this product grouping. Egypt holds only 0.16 percent of EU market of the target product groupings. All else being equal Egypt has locational advantages over at least two African countries (Kenya and South Africa) and the four Latin American countries. In addition Egypt should have other competitive advantages including cost of crop production and wage rate advantages over the two

Near East countries This should represent a significant market opportunity for Egypt to increase market share, providing quality and marketing issues are addressed

Table 8 Values and Share of EU Imports of 21 Products by Partner Countries, 1997

Total Imports of 21 Products by EU
(1000 ECU)

22204845

From	1000 ECU	% of EU Total	From	1000 ECU	% of EU Total
INTRA EUR15	16952328	76 35%	EXTRA EUR15	5252617	23 65%
FRANCE	2718053	12 24%	NORWAY	14595	0 07%
BELGIUM AND L	1548338	6 97%	TURKEY	613712	2 76%
NETHERLANDS	3902720	17 58%	POLAND	375435	1 69%
GERMANY	2266155	10 20%	CZECH REP	18100	0 08%
ITALY	1876191	8 45%	SLOVAKIA	6604	0 03%
UNITED KINGDO	481728	2 17%	HUNGARY	154649	0 70%
IRELAND	613209	2 31%	ROMANIA	23377	0 11%
DENMARK	670653	3 02%	BULGARIA	47868	0 22%
GREECE	437283	1 97%	MOROCCO	154678	0 70%
PORTUGAL	140797	0 63%	ALGERIA	15010	0 07%
SPAIN	2042097	9 20%	TUNISIA	46349	0 21%
SWEDEN	97110	0 44%	EGYPT	36317	0 16%
FINLAND	46133	0 21%	SENEGAL	9283	0 04%
AUSTRIA	212897	0 96%	CAMEROON	6132	0 02%
Note 21 Products are following			KENYA	164128	0 74%
Products in CN code			MADAGASCAR	4123	0 02%
0403	0804		SOUTH AFRICA	147569	0 66%
0406	0811		UNITED STATES	389946	1 76%
0703	0812		CANADA	71276	0 32%
0704	0813		MEXICO	43219	0 19%
0705	2001		BRAZIL	579226	2 61%
0706	2002		CHILE	61717	0 28%
0708	2005		ARGENTINA	43806	0 20%
0709	2007		LEBANON	2257	0 01%
0710	2008		SYRIA	2183	0 01%
0711	2009		ISRAEL	202832	0 91%
0712			JORDAN	6618	0 03%
			SAUDI ARABIA	1173	0 01%
			CHINA	252144	1 14%
			AUSTRALIA	53984	0 24%

As indicated above, in using the results of this analysis to set priorities for ALEB activities it is useful to look at the data from several directions

- 1) Expanding exports of products that Egypt is already exporting both in current markets and in other EU countries may be easier than introducing totally new products with which there is no experience in Egypt
- 2) In targeting products for which to expand exports, it may be useful to further examine those products where the value of EU imports from outside the EU is already fairly large for example cheese fruit juices and artichokes Larger import values might lead to access in some specific niche markets for Egyptian suppliers
- 3) The other is in product categories where the EU imports more from non-member countries relative to that of the member countries In the latter case a larger share of imports from non-member countries may indicate

presence of a comparative advantage in the production and export of those products by non-member countries

Information provided in Tables 6 and 7 shows different possibilities for the products and countries where market analysis should probe more deeply in assessing the opportunities that may exist. For example

- Cheese, fruit juices and artichoke import values were 6.23 billion, 3 billion and 2.05 billion ECU, respectively, 1997
- Germany is the largest importer of cheese with 1.86 billion ECU, followed by Italy, with imports of around 1 billion ECU
- Ireland, Portugal and Finland are very small markets for the overall products examined in this report
- Two thirds of EU country imports in brined fruits and vegetables (CN0711), a 140 million ECU market, and of dried fruits and nuts mixture (CN 0813), a 260 million ECU market come from outside the EU. This is especially true for Germany, Italy, Spain and Sweden
- For France, the product with the largest share imported from non-member countries is guavas, mangoes, fresh or dried and pre-cut, a 780 million ECU market for the whole EU (CN 0804). Also for Belgium, over 85 percent of these products are imported from non-member countries. The top EU suppliers are Turkey, Israel (7 percent each) and Tunisia (6 percent) while Egypt's share is only 0.5 percent
- Sweden and Finland import a large share of frozen berries (CN 0811) from non-member countries

Analysis of trade data flows and selected regulations are one step in the process of selecting high potential products for which **ALEB** can work with Egyptian industry to strengthen export competitiveness. Coupled with results of preliminary trade interviews in selected EU markets and a broader assessment of European food and import regulations, it can be a valuable tool in helping to target **ALEB**'s efforts.

Setting Priorities for ALEB Assistance

The **ALEB** project is providing technical assistance to Egyptian agribusiness aimed at increasing its competitiveness and having a measurable impact on Egyptian exports over a three to six year period. Looking at recent trade flows, coupled with in depth interviews with importers and exporters, can be very useful in helping to target activities so that they will have maximum impact. Where Egypt is already exporting a product to the EU, as is the case for 20 of the 51 products identified on the **ALEB** list, a top priority should be to examine ways that those exports may be increased. This could be accomplished both by increasing sales of the product in existing markets and expanding sales to other EU markets. Sections of this report presented preliminary findings of examination of trade barriers and regulations, along with findings in interviews with current and prospective customers. These provide useful insights into opportunities that exist and constraints to increased sales.

In our technical response to USAID, ALEB agreed to identify 6 to 8 processed food product lines to promote in European target markets. The previous section and referenced tables include substantial market information and trade analyses. After reviewing specific product codes determining the size of potential markets – both in dollar (ECU) and percentage volumes - and market share held for these specific products by both Intra-EU15 and Extra-EU15 trading partners it became relatively clear where Egyptian food processors need to focus their efforts.

Summary and Conclusions

What, then, are the results of this extensive trade analysis in terms of potential product foci? By revisiting the structures determined in Section 1 the following table was developed to take advantage of current opportunities coupled with supply, current capabilities and capacities but limited to eight commodities each in the fruit and vegetable segments of the industry. The concept is to utilize a relatively few mix of commodities across a potentially broad range of processed products governed by six specific processes.

Moreover, by following the adage of “taking advantage of what you have” Table 10 (overleaf) clearly defines where Egyptian processors can have an immediate impact in the short term.

Table 9 Product Focus by Commodity and Process

Commodity	Process					
	Dried / Dehyd	Frozen & IQF	Juice / Conc / Puree	Canned / Glass Packed*	Pickled / Fermented (Low Acid)	Mариnated
Vegetables (Single or Mixed)						
Artichokes		X		X	X	X
Green beans	X	X				
Broccoli		X				
Cauliflower		X			X	
Onions	X			X	X	
Peas	X	X				
Tomatoes	X		X		X	X
Sweet Peppers	X	X		X		
Fruits (Single or Mixed)						
Melons (Water & Sweet)		X			X	
Strawberries	X	X	X	X		
Grapes	X	X	X	X		
Mangoes	X	X	X	X		
Guava	X	X	X	X		
Passion fruit		X	X			
Apricot	X	X	X			
Peaches/Nect	X	X	X			

* (Hot Pack – Includes aseptic retort etc.)

The remaining food processes – Baking, Pasta, Jams and Preserves and Meats/Fish - were found too competitive to offer any short term potential for additional growth in the current target market. When ALEB progresses to

selection of the secondary target markets – the Middle East and/or the COMESA - these will be reviewed for potential again. However ALEB will remain flexible and intends to support and assist any industry where any potential opportunity presents itself and contributes toward meeting our objectives of increased export growth.

After selecting the above commodities and then revisiting Table 7, several opportunities stand out that would direct a potential Egyptian exporter to produce and sell specific products to specific target countries. These are presented in Table 10. The methodology used to determine these product foci was subjective and based on the “low hanging fruit” theory of producing relatively quick wins in order to show the sector that improving exports can be accomplished and relatively painless. All currency figures are in European Currency Units.

Table 10 Export Potential for Rapid Focus and Quick Wins

Commodity / CN Code	Target Countries	Contribution by non-member trade partners	Competitor Countries To Target (non-EU)
Frozen Peas 071021	Germany UK Greece	4 854 000	Poland China Hungary
Frozen Beans 071022	France Belgium Germany	10 344 000	Poland China Hungary
Sweetcorn 071040*	UK	22 242 000	Poland China Hungary
Frozen Vegetables (Individual) 071080	France Belgium Netherlands Germany Italy UK	144 043 000	Poland China Hungary
Strawberries Brined 0812	T/B/D	19 977 354	Israel Turkey Bulgaria
Frozen Strawberries (Including Raspberries) 0811	T/B/D	419 045 000	Poland Turkey Canada
Dried Edible Fruit N E S 08134095	Germany UK	12 935 000	Turkey Israel Tunisia
Mixtures of Dried Fruit 081350	UK	2 766 000	Turkey Chile
Pickled Vegetables 200190	Netherlands Germany UK	36 017 000	Turkey Morocco Hungary
Dried Tomatoes 07129030	Germany Italy UK	6 919 000	T/B/D

A third area where potential should be examined is with most of the 31 products on the preliminary list that do not show up in EU trade statistics as currently being imported from Egypt. These products may still offer important potential but raise special challenges that must be addressed given the time frame of the ALEB project.

- First, does Egypt produce the products and have a reliable cost competitive supply that meets quality standards for the market? If not, can it do so within the time frame envisioned for ALEB?
- Second, in looking at the EU market, where do supplies currently come from? If most trade is among EU suppliers, there may be trade barriers that limit access. For products containing ingredients that the EU Common Agricultural Policy (CAP) supports, such as grain, sugar, or dairy products, or even raspberries, EU import tariffs and market access windows are modified to avoid offsetting that support. With or without these

constraints can Egyptian suppliers develop an advantage that would make them attractive?

- In the event that an important share of EU countries' imports come from non-EU countries, it is important to look at both Egypt's potential competitive position as a supplier, its market access, and that of the countries it will compete with. As the EU continues to enlarge, it will be adding members in Central and Eastern Europe who may gain advantages relative to Egypt. If these products are to be targeted anyway, there should be clear evidence that Egyptian suppliers will be able to compete.

The above discussion presents findings on Egyptian food and agricultural exports and European imports for the product markets. The **ALEB** project can have the best short/medium term chance to have an impact by looking at those products that Egypt already exports to the EU and in countries where imports are relatively large and for products where a relatively important share of imports come from non-EU member countries (shown in tables 5a-6). Tables and charts provide an overview of the market, competition and Egypt's market position for both the 21 target product categories (table 8) and the 63 preliminary target products (table 5). At an aggregate level for target products, competitors are identified in table 6.

Supply-Side Industry Support to Facilitate Export Growth in Egypt

In setting priorities for **ALEB** support, one of the key considerations was to ensure that Egypt has the potential to be a competitive supplier of the targeted products. As part of the IRA, Abt Associates Inc and Sparks Companies worked together to assess raw material availability for the products originally targeted for analysis. Team members examined domestic supply figures, including yields and production tonnages for every commodity on the preliminary list by governorate.

From a food safety standpoint, the team also assessed availability of raw material supplies from areas where cultural practices are known to mitigate the potential for pathogens and disease. Specifically, the team looked for areas that are irrigated with ground water and where suppliers are already exporting fresh pack products so they are familiar with export standards for pesticide residues and other quality requirements. Discussions with the Horticultural Export Improvement Association (HEIA), which has over 30,000 acres under production, indicated that they only export about 30 percent of their packout so they would be very interested in exploring opportunities to grow under contract for processing, or to create their own processing capabilities.

The experience of fresh produce exporters should also provide some useful insights for **ALEB**. While the focus of the project may be on export market development, meeting the needs of domestic markets is generally a part of the process with important benefits for economic growth and employment. Interviews in Egypt underscored that selling on the protected domestic market is often a key part of the equation that makes exporting possible. This will also be one part of what it takes to attract international partners to participate in strategic alliances in Egypt. For USAID, which has a strategic objective to support economic growth and is considering another - to develop job creation - having **ALEB** seek to strengthen agriculture led business in both domestic and export markets will increase the return on investment.

Local Industry Perspective on Their Own Needs

As mentioned in Section 1 under the heading of Industry Rapid Appraisal Allied Corporation conducted the in country IRA that consisted of polling processors Besides eliciting specific company information requisite to building the **ALEB** database for the purposes of determining processing capabilities the survey instrument was couched to obtain information in the policy, training and interest areas toward targeting assistance On the following pages, results of this poll are stated with the number of companies replying to specific areas of interest

Systemic Issues and Opportunities

Of the 75 respondents

- 62 companies currently export or have exported
- 7 companies are interested in exporting
- 54 require information on exporting
- 47 companies specifically requested marketing information
- 22 processors related problems with shipping
- 20 reported financial constraints as a limitation to increasing exports
- 59 companies are members of trade associations

Training Issues

Companies requested training in the following areas

- 38 companies asked for technical training
- 26 processors require management training
- 45 respondents need training in marketing

A number of firms in Europe indicated interest in exploring strategic alliances with Egyptian firms, which in most cases would include technical and marketing guidance especially with respect to quality control wholesale-retail distribution, and labeling and packaging The very fact that **ALEB** is providing technical assistance and training increased the level for interest in pursuing opportunities in Egypt

Policy Issues

- 18 Companies have problem with taxes
- 18 Companies have problem with Customs
- 4 Companies have problem in other policy issue areas

European firms interested in trying out Egyptian products want to make sure that there are no administrative tie-ups that cause problems for them To

potential trading partners, Egypt has a reputation for complicated bureaucratic procedures that to some translate to "difficulties in doing business with". Any improvements in administrative procedures should be documented and efforts to make buyers aware of reforms would help enormously in increasing the confidence levels for firms thinking about purchasing Egyptian products

Strategic Alliances

A total of 58 companies that were polled during the Egyptian Industry Rapid Appraisal expressed interest in developing strategic alliances. In the face of inherent systemic problems that appear to encumber the processing industry toward export growth, this is good news indeed.

As part of the European portion of the Industry Rapid Appraisal, a survey instrument was designed to document interest in the establishment of strategic alliances with potential Egyptian partners. A number of possible opportunities have been documented and additional interests that merit further follow up have been noted in trip reports or generally referred to in the body of this report.

In the course of conducting the European market research, the team identified target firms for strategic alliances that warrant immediate follow-up in terms of sending information on ALEB and Egyptian firms.

Italy Barilla Yomo CONAD

UK Cadbury-Schweppes, Sainsbury's, CRS Co-op, ASDA and Del Monte

Switzerland Henniez group

In Italy, several industry people said that the real opportunity for Italian firms was in developing partnerships with Egyptian firms for the Egyptian domestic market first. Once successful in the local market, then they could focus on developing further the export market for their products. Products that firms were interested in developing for the local market range from bakery and pasta products, to yogurt and dairy and herbal teas.

Unless instructed otherwise by interested parties for the purposes of confidentiality, any specific information is deemed proprietary and not available for distribution.

Tables and Charts

Table 5 Preliminary List of Potential Products for Europe

ALEB PRODUCT No	Harmonized Codes	Product Category Description
DAIRY PRODUCTS		
1	0403 10	Yogurt (all types including fruit nuts etc)
1a		Berry Yogurt
1b		Mango Yogurt
1c		Frozen Fruit Yogurt Blend
2	0406 10	Fresh (unripened or uncured) cheese incl whey cheese and curd
2a		Feta Cheese
2b		Ricotta Cheese
FROZEN VEGETABLES & FRUITS		
3	0710 21	Peas Frozen (Pisum sativum)
3a		Frozen Sugar Snap
3b		Frozen Petit Pois
4	0710 22	Beans Frozen (Vigna spp Phaseolus spp kg
4a		French Cut
4b		Whole Green
4c		W/Slivered Almonds
5	0710 40	Sweet Corn Frozen
5a		MiniCobs Precut
6	0710 80	Other Vegetables Frozen
6a		T/B/D
7	2002 90 80	Asparagus Frozen
7a		Precut Tips
7b		Spears Green/UK
7c		Spears White/Continent
8	2002 91	Mixtures of Vegetables Frozen
8a		Wok Pack
9	0811 10 0000	Strawberries Frozen
9a		IQF
10	0811 20 0000	Raspberries blackberries mulberries loganberries black Frozen
10a		IQF Raspberries
10b		Raspberries Blast Punnets
11	0710 80 01	Tropical Fruit Frozen (EU classification plus 811 90 91)
11a		Tropical Fruit Salad
BRINED FRUITS & VEGETABLES		
12	0711 10	Onions Brined
13	0812 20 0	Strawberries Brined
14	0711 10 01	Tropical Fruit Brined (EU Classification)
DRIED FRUITS & VEGETABLES		
15	0804 50 0	Guavas mangoes Fresh or Dried & Precut
15a		Low Brix Dried Mango in Chill Storage
15b		Low Brix Dried Jackfruit w/Lemon Flavor in Chill Storage
16	2001 10 0	Onions Dried
17	2001 10 01	Dried Papaws
18	2002 90 60	Dried Cashew Lychees Jackfruit Passion Starfruit
19	2008 19 12	Other Dried Fruits (Dried Berries etc) EU Classification
20	0813 50 20	Mixtures of Dried Fruit Containing only fruit (US Classification)
21	0813 50 50	Mixtures of dried fruits and nuts (US Classification)
PICKLED VEGETABLES		
22	2001 11 0	Cucumbers including gherkins in vinegar
23	2001 20 0000	Onions In vinegar
23a		Pearl Onions
24	2001 90 0000	Other vegetables in vinegar
24a		Marinated Artichoke Hearts

Table 5: Preliminary List of Potential Products for Europe (cont'd)

PROCESSED AND DRIED TOMATO PRODUCTS		
25	2002 10 0000	Tomatoes whole or in pieces (include dried & dried pieces in sauces)
25a		Marinated Dried Tomato Pieces
26	2002 90 61	Tomato paste (US Classification)
27	2002 91 80	Other Tomatoes (including tomato puree) U S Classification
CANNED & BOTTLED VEGETABLES & FRUIT		
28	2005 40 0000	Peas (Pisum sativum) (Include canned)
29	2005 50	Beans (Vigna spp (Phaseolus spp)) Canned
30	2005 60 0	Asparagus (Canned)
30a		Green/UK
30b		White/Continent
31	2007	Jams fruit jellies marmalades fruit or nut puree
32	2008 19 13	Tropical fruits (otherwise include canned bottled) EU Classification
32a		Bottled Chilled Mango
33	2008 80 0	Strawberries (canned bottled etc)
34	2008 19	Berries other than strawberries (canned bottled not frozen)
35	2008 30 61	Grapefruit segments (canned/bottled) EU Clas pkg >1kg 71 pks <1kg
35a		Ruby Bottled Chilled Segments
36	2008 30 55	Mand tang satsum clem & oth citrus segments (can/bottle) + 75
36a		Fruit Salads
37	2008 70	Peaches canned or bottled
38	2008 92 12	Tropical fruits mix can/bottle (EU Classification)+ 20 32 40 & 61
39	2008 99 30	Passion guava other individual tropical can/bottle w/ sugar + 34 (EU Class)
40	2008 99 34	Passion guava oth indiv trop can/bottle w/ sugar + 34 (EU Class)
FRUIT JUICES		
41	2009 11	Orange Juice Frozen
42	2009 80 32	Passion Guava Mango other tropical fruit juices + 40 & 97 (EU Class)
42a		Mango
42b		Guava
42c		Passion
43	2009 90 92	Mixtures of tropical juices add 95 & 97 (EU Classification)
43a		Mango/Guava/Apple
43b		Strawberry/Guava/Apple
PRECUT & PREPACKED VEGETABLES & VEGETABLE SALAD MIXES		
44	0703 10	Onions and shallots include precut
44a		Prepack Pearl Onions
45	0703 10 2000	Onion sets include precut
45a		Precut Green Onions
46	0704 10 0000	Cauliflower/headed broccoli (Brassica oleracea) include floret precut
46a		Precut Cauliflower Florets
47	0704 90 2000	Cabbage (incl slaws)
47a		Precut Slaw Salad Mixes
48	0704 90 4020	Sprouting Broccoli (include sprout florets & precut)
48a		Precut Broccoli Florets
49	0705 11 0000	Head lettuce (cabbage lettuce)
49a		Precut
49b		Premix
49c		Precut w/Vegetable Salads
49d		Premix w/Vegetable Salads
50	0705 19 0000	Other Lettuce (include romaine curly endive Boston butter etc)
50a		Precut (Head Lettuce)
50b		Premix (Head Lettuce)
50c		Branded Premix w/Vegetable Salads (Head Lettuce)
50d		Precut (Romaine)
50e		Premix (Romaine)
50f		Branded Premix w/Vegetable Salads (Romaine)
51	0705 21 0000	Witloof chicory (Cichorium intybus var foliosum)
51a		Premix & Precut w/Vegetable Salads
52	706 10 3000	Carrots (include baby peeled precut)
52a		Baby Peeled (Semi processed)
52b		Baby Precut Peeled and Packed
53	0708 10 0000	Peas (Pisum sativum) include fresh shelled prepack
53a		Presheled Baby Pea Sachet

Table 5- Preliminary List of Potential Products for Europe (cont'd)

54	708 20 0	Beans (Vigna spp Phaseolus spp) include green precut
54a		Precut Green Beans
55	0709 10 0000	Globe artichokes (include precut hearts)
55a		Precut Artichoke Hearts
56	0709 20 0000	Asparagus (include precut tips)
56a		Precut Tips Green/UK
56b		Precut Tips White/Continent
57	0709 40 0000	Celery other than celeriac include baby & precut hearts
57a		Precut Celery Hearts
58	709 61 0	Mushrooms
59	0709 60 0000	Capsicum (peppers) or Pimenta include precut
59a		Precut Mixed Color in Salad Mixes
60	0709 70 0000	Spinach New Zealand spinach orache spinach include baby & precut
60a		Precut Baby Spinach
60b		Baby Spinach in Vegetable Salad Mixes
61	709 90 4500	Sweet corn include precut & baby & mini cobs
61a		Precut Baby
61b		Precut MiniCobs

* (Categorized into **ALEB** product categories numbered by line item with Harmonized Codes and subcategorized into specific focus products)

N/B Opportunities 50a – f The reason for inserting categories for three head lettuce and three romaine varieties was the strength of the general market interest we have identified in precut/premix salads. This is a particularly complex area that lacks the level of product definition present in the other product line opportunities. Salad mixes in Europe tend to be defined by the large supermarkets on an individual basis almost like branded items with "recipes". They also have considerable potential with recipes which include a wide range of precut/premix vegetables (designer color peppers etc etc) in combination with both types of lettuce and in some cases without lettuce at all. Rather than try at this preliminary stage to define the best specific mixes we have reserved six open product numbers in our list and define them more clearly during the market survey with input from the potential buyers.

Table 5a: Imports of Preliminary List of 61 Potential Products by EU, 1997

(1000 ECU)

		EU Total	Member	Non member	Egypt
DAIRY PRODUCTS					
040310	YOGURT	441757	441169	588	0
040610	FRESH CHEESE AND CURD	677802	673397	4405	0
FROZEN VEGETABLES & FRUITS					
071021	PEAS FROZEN	118738	109317	9421	9
071022	BEANS FROZEN	92524	78489	14035	6
071040	SWEETCORN FROZEN	71246	34813	36433	0
071080	VEGETABLES FROZEN (EXCL	594476	430322	164154	806
07108085	ASPARAGUS FROZEN	34745	7686	27059	0
071090	MIXT OF VEGETABLES FROZEN	103153	98875	4278	16
081110	FROZEN STRAWBERRIES	166086	54582	111504	0
081120	FROZEN RASPBERRIES etc	180019	62453	117566	0
DRIED FRUITS & VEGETABLES*					
08134070	DRIED CASHEW APPLES PASSION FRUIT etc	569	252	317	0
08134095	DRIED EDIBLE FRUIT N E S	28759	11024	17735	1
081350	MIX OF NUTS OR DRIED FRUITS	22004	17767	4237	0
08135012	MIX OF DRIED CASHEW APPLES etc	585	585	0	0
08135015	MIXT OF DRIED FRUIT NOT CONTAINING	1182	678	504	0
08135019	MIXTURES OF DRIED APRICOTS etc	2946	2643	303	0
08135091	MIX OF DRIED FRUITS N E S (EXCL PRUNES FIGS)	7054	6763	291	0
08135099	MIXTURES OF DRIED FRUITS N E S	8119	5034	3085	0
PICKLED VEGETABLES					
200190	VEGETABLES FRUIT etc Prepared by VINEGAR	135534	86303	49231	100
PROCESSED AND DRIED TOMATO PRODUCTS*					
200210	TOMATOES whole or pieces PREPARED not BY VINEGAR	349366	343479	5887	0
200290	TOMATOES PREPARED not BY VINEGAR (exclude whole or pieces)	401340	336389	64951	129
07129030	DRIED TOMATOES NOT FURTHER PREPARED	23588	15344	8244	0
CANNED & BOTTLED VEGETABLES & FRUIT					
20083055	MANDARINS etc PREPARED OR PRESERVED	16731	15731	1000	0
FRUIT JUICES					
200911	FROZEN ORANGE JUICE	1142056	516617	625439	0
20098032	JUICE OF PASSIONFRUIT OR GUAVAS	1168	896	272	1
20099092	MIXTURES OF JUICES OF GUAVAS MANGOES etc	232	222	10	0
PRECUT & PREPACKED VEGETABLES & VEGETABLE SALAD MIXES					
070310	FRESH OR CHILLED ONIONS AND SHALLOTS	308882	251967	56915	2708
07031011	ONION SETS FRESH OR CHILLED	20389	16859	3530	108
07031019	ONIONS FRESH OR CHILLED (EXCL SETS)	269756	216649	53107	2598
07031090	SHALLOTS FRESH OR CHILLED	18737	18459	278	2
070410	FRESH OR CHILLED CAULIFLOWERS AND HEADED BROCCOLI	232310	231920	390	0
07041005	FRESH OR CHILLED CAULIFLOWERS FROM 1 JAN TO 14 APRIL	116248	116088	160	0
07041010	CAULIFLOWERS AND HEADED BROCCOLI 15 APRIL TO 30 NOV	91202	90974	228	0
07041080	FRESH OR CHILLED CAULIFLOWERS FROM 1 TO 31 DECEMBER	24860	24858	2	0
07042000	BRUSSELS SPROUTS FRESH OR CHILLED	36296	36150	146	0
07049010	WHITE AND RED CABBAGES FRESH OR CHILLED	21747	19702	2045	0

Table 5a: Imports of Preliminary List of Potential Products by EU, 1997 (Continue)
(1000 ECU)

		EU Total	Member	Non member	Egypt
07049090	KOHLRABI KALE AND SIMILAR EDIBLE BRASSICAS	139639	137207	2432	0
070511	FRESH OR CHILLED CABBAGE LETTUCE	324060	320191	3869	0
07051900	FRESH OR CHILLED LETTUCE (EXCL. CABBAGE LETTUCE)	156827	156672	155	0
07052100	FRESH OR CHILLED WITLOOF CHICORY	54633	54615	18	0
07061000	FRESH OR CHILLED CARROTS AND TURNIPS	150916	147552	3364	3
070810	FRESH OR CHILLED PEAS PISUM SATIVUM	57305	24912	32393	693
070820	FRESH OR CHILLED BEANS "VIGNA SPP PHASEOLUS SPP	175863	75439	100424	13408
070910	FRESH OR CHILLED GLOBE ARTICHOKE	32283	31616	667	618
07092000	FRESH OR CHILLED ASPARAGUS	194553	169214	25339	0
07094000	FRESH OR CHILLED CELERY (EXCL. CELERIAC)	46230	40237	5993	0
070951	FRESH OR CHILLED MUSHROOMS	455013	359746	95267	3
070960	FRESH OR CHILLED FRUITS OF THE GENUS CAPSICUM PIMENTA	817891	742060	75831	386
07097000	FRESH OR CHILLED SPINACH	15214	14546	668	2
07099060	FRESH OR CHILLED SWEETCORN	26698	7673	19025	14

Table 5b Imports of Preliminary List of Potential Products by EU, 1997

		1000 ECU	Share of Imports from		
		EU Total	Member	Non member	Egypt
DAIRY PRODUCTS					
040310	YOGURT	441757	99 87%	0 13%	0 00
040610	FRESH CHEESE AND CURD	677802	99 35%	0 65%	0 00
FROZEN VEGETABLES & FRUITS					
071021	PEAS FROZEN	118738	92 07%	7 93%	0 01
071022	BEANS FROZEN	92524	84 83%	15 17%	0 01
071040	SWEETCORN FROZEN	71246	48 86%	51 14%	0 00
071080	VEGETABLES FROZEN (EXCL	594476	72 39%	27 61%	0 14
07108085	ASPARAGUS FROZEN	34745	22 12%	77 88%	0 00
071090	MIXT OF VEGETABLES FROZEN	103153	95 85%	4 15%	0 02
081110	FROZEN STRAWBERRIES	166086	32 86%	67 14%	0 00
081120	FROZEN RASPBERRIES etc	180019	34 69%	65 31%	0 00
DRIED FRUITS & VEGETABLES*					
08134070	DRIED CASHEW APPLES PASSION FRUIT etc	569	44 29%	55 71%	0 00
08134095	DRIED EDIBLE FRUIT N E S	28759	38 33%	61 67%	0 00
081350	MIX OF NUTS OR DRIED FRUITS	22004	80 74%	19 26%	0 00
08135012	MIX OF DRIED CASHEW APPLES etc	585	100 00%	0 00%	0 00
08135015	MIXT OF DRIED FRUIT NOT CONTAINING	1182	57 36%	42 64%	0 00
08135019	MIXTURES OF DRIED APRICOTS etc	2946	89 71%	10 29%	0 00
08135091	MIX OF DRIED FRUITS N E S (EXCL PRUNES FIGS)	7054	95 87%	4 13%	0 00
08135099	MIXTURES OF DRIED FRUITS N E S	8119	62 00%	38 00%	0 00
PICKLED VEGETABLES					
200190	VEGETABLES FRUIT etc Prepared by VINEGAR	135534	63 68%	36 32%	0 07
PROCESSED AND DRIED TOMATO PRODUCTS*					
200210	TOMATOES whole or pieces PREPARED not BY VINEGAR	349366	98 31%	1 69%	0 00
200290	TOMATOES PREPARED not BY VINEGAR (exclude whole or pieces)	401340	83 82%	16 18%	0 03
07129030	DRIED TOMATOES NOT FURTHER PREPARED	23588	65 05%	34 95%	0 00
CANNED & BOTTLED VEGETABLES & FRUIT					
20083055	MANDARINS etc PREPARED OR PRESERVED	16731	94 02%	5 98%	0 00
FRUIT JUICES					
200911	FROZEN ORANGE JUICE	1142056	45 24%	54 76%	0 00
20098032	JUICE OF PASSIONFRUIT OR GUAVAS	1168	76 71%	23 29%	0 09
20099092	MIXTURES OF JUICES OF GUAVAS MANGOES etc	232	95 69%	4 31%	0 00
PRECUT & PREPACKED VEGETABLES & VEGETABLE SALAD MIXES					
070310	FRESH OR CHILLED ONIONS AND SHALLOTS	308882	81 57%	18 43%	0 88
07031011	ONION SETS FRESH OR CHILLED	20389	82 69%	17 31%	0 53
07031019	ONIONS FRESH OR CHILLED (EXCL SETS)	269756	80 31%	19 69%	0 96
07031090	SHALLOTS FRESH OR CHILLED	18737	98 52%	1 48%	0 01
070410	FRESH OR CHILLED CAULIFLOWERS AND HEADED BROCCOLI	232310	99 83%	0 17%	0 00
07041005	FRESH OR CHILLED CAULIFLOWERS FROM 1 JAN TO 14 APRIL	116248	99 86%	0 14%	0 00
07041010	CAULIFLOWERS AND HEADED BROCCOLI 15 APRIL TO 30 NOV	91202	99 75%	0 25%	0 00
07041080	FRESH OR CHILLED CAULIFLOWERS FROM 1 TO 31 DECEMBER	24860	99 99%	0 01%	0 00
07042000	BRUSSELS SPROUTS FRESH OR CHILLED	36296	99 60%	0 40%	0 00
07049010	WHITE AND RED CABBAGES FRESH OR CHILLED	21747	90 60%	9 40%	0 00

Table 5b: Imports of Preliminary List of Potential Products by EU Countries, 1997 (Continued)

		1000 ECU	Share of Imports from		
		EU Total	Member	Non member	Egypt
07049090	KOHLRABI KALE AND SIMILAR EDIBLE BRASSICAS	139639	98 26%	1 74%	0 00
070511	FRESH OR CHILLED CABBAGE LETTUCE	324060	98 81%	1 19%	0 00
07051900	FRESH OR CHILLED LETTUCE (EXCL CABBAGE LETTUCE)	156827	99 90%	0 10%	0 00
07052100	FRESH OR CHILLED WITLOOF CHICORY	54633	99 97%	0 03%	0 00
07061000	FRESH OR CHILLED CARROTS AND TURNIPS	150916	97 77%	2 23%	0 00
070810	FRESH OR CHILLED PEAS PISUM SATIVUM	57305	43 47%	56 53%	1 21
070820	FRESH OR CHILLED BEANS VIGNA SPP PHASEOLUS SPP	175863	42 90%	57 10%	7 62
070910	FRESH OR CHILLED GLOBE ARTICHOKE	32283	97 93%	2 07%	1 91
07092000	FRESH OR CHILLED ASPARAGUS	194553	86 98%	13 02%	0 00
07094000	FRESH OR CHILLED CELERY (EXCL CELERIAC)	46230	87 04%	12 96%	0 00
070951	FRESH OR CHILLED MUSHROOMS	455013	79 06%	20 94%	0 00
070960	FRESH OR CHILLED FRUITS OF THE GENUS CAPSICUM PIMENTA	817891	90 73%	9 27%	0 05
07097000	FRESH OR CHILLED SPINACH	15214	95 61%	4 39%	0 01
07099060	FRESH OR CHILLED SWEETCORN	26698	28 74%	71 26%	0 05

Table 6: Structure of EU Imports by Trade Partners for Preliminary List of Products in 4 Digits CN Code, 1997

Code	Description	EU imports (1000 ECU)	Share of Intra EU15	Major Partners (member)	Share of Extra EU15	Egypt (% share)	Major Partners (non member)
DAIRY PRODUCTS							
0403	Milk Cream & Yogurt	635708	99 41%	Germany(34 82%) France(21 88%) Belgium(15 50%)	0 59%	0 00%	US(0 04%) Israel(0 03%) Czech Rep(0 01%)
0406	Cheese and curd	6227101	92 91%	Netherlands(23 77%) France(20 48%) Germany(17 33%)	7 09%	0 01%	Australia(0 45%) Canada(0 43%) Norway(0 21%)
FROZEN VEGETABLES & FRUITS							
0710	Frozen (Peas Beans Sweet corn and other vegetables)	1118316	78 81%	Belgium(27 30%) Netherlands(13 57%) France(12 33%)	21 19%	0 08%	Poland(3 55%) China(3 15%) Hungary(2 29%)
0811	Frozen (Strawberries and Raspberries)	682034	39 85%	Netherlands(8 85%) Germany(5 94%) Belgium(5 15%)	60 15%	0 00%	Poland(22 88%) Turkey(4 35%) Canada(3 27%)
BRINED FRUITS & VEGETABLES							
0711	Brined (Onions and Tropical Fruit)	139106	31 83%	Netherlands(12 94%) Spain(4 61%) Greece(2 89%)	68 17%	0 01%	China(19 90%) Morocco(8 90%) Turkey(6 20%)
0812	Strawberries Brined	51728	61 38%	Spain(17 80%) France(11 99%) Italy(11 33%)	38 62%	0 00%	Israel(11 30%) Turkey(9 45%) Bulgaria(5 58%)
DRIED FRUITS & VEGETABLES*							
0712	Onions Dried and Dried vegetables	339666	44 68%	Germany(12 14%) France(11 53%) Netherlands(6 93%)	55 32%	3 62%	China(13 29%) US(12 86%) Turkey(2 87%)

Table 6. Structure of EU Imports by Trade Partners for Preliminary List of Products in 4D digits CN code, 1997 (cont'd)

Code	Description	EU imports (1000 ECU)	Share of Intra EU15	Major Partners (member)	Share of Extra EU15	Egypt (%) share	Major Partners (non member)
0804	Guavas mangoes Fresh or Dried & Precut	779704	34 69%	France(11 62%) Netherlands(7 65%) Spain(6 67%)	65 31%	0 05%	Turkey(7 04%) Israel(6 96%) Tunisia(5 57%)
0813	Mixtures of dried fruits and nuts	261811	34 32%	France(10 20%) Italy(7 91%) Germany(6 71%)	65 68%	0 00%	US(27 53%) Turkey(21 88%) Chile(6 98%)
PICKLED VEGETABLES							
2001	Pickled vegetables	255988	54 31%	Germany(15 61%) Netherlands(15 24%) Belgium(5 25%)	45 69%	0 04%	Turkey(22 59%) Morocco(5 04%) Hungary(4 42%)
PROCESSED AND DRIED TOMATO PRODUCTS							
2002	Processed and dried tomato products	750706	90 56%	Italy(58 31%) Greece(10 04%) Portugal(8 73%)	9 44%	0 02%	Turkey(4 48%) China(1 38%) US(1 16%)
CANNED & BOTTLED VEGETABLES & FRUIT							
2005	Canned (Peas Beans and Asparagus)	1601090	75 68%	France(19 65%) Netherlands(15 14%) Belgium(13 47%)	24 32%	0 02%	China(4 46%) Morocco(4 05%) US(2 14%)
2007	Jams fruit jellies	310256	95 76%	France(22 45%) Belgium(15 75%) Germany(14 18%)	4 24%	0 00%	Turkey(1 17%) Hungary(0 64%) Romania(0 44%)
2008	Canned/bottled (tropical fruits strawberries berries peaches)	1931000	59 56%	Italy(12 52%) Germany(12 10%) Spain(8 91%)	40 44%	0 01%	Turkey(11 02%) S Africa(3 68%) Kenya(2 37%)
FRUIT JUICES							
2009	Fruit juices	3003382	58 43%	Netherlands(18 76%) Germany(11 25%) Belgium(6 77%)	41 57%	0 01%	Brazil(18 49%) US(4 29%) Poland(4 03%)

Table 6: Structure of EU imports by Trade Partners for Preliminary List of Products in 4 Digits CN Code, 1997 (cont'd)

Code	Description	EU imports (1000 ECU)	Share of Intra EU15	Major Partners (member)	Share of Extra EU15	Egypt (%) share)	Major Partners (non member)
PRECUT & PREPACKED VEGETABLES & VEGETABLE SALAD MIXES							
0703	Onions and shallots	542322	79.44%	Netherlands(28.51%) Spain(22.25%) France(10.08)	20.56%	1.09%	Argentina(4.01%) China(1.85%) Australia(1.52%)
0704	Cauliflower Cabbage and Broccoli	429992	98.83%	Spain(40.92%) France(19.47%) Italy(17.31%)	1.17%	0.00%	Hungary(0.35%) Turkey(0.27%) Israel(0.24%)
0705	Lettuce and Chicory	603640	99.31%	Spain(41.48%) Netherlands(17.47%) France(14.39%)	0.69%	0.00%	US(0.40%) Israel(0.10%) Slovakia(0.10%)
0706	Carrots	245398	96.15%	Netherlands(40.22%) Italy(19.71%) France(11.39%)	3.85%	0.00%	Hungary(1.20%) Israel(1.03%) Turkey(0.26%)
0708	Peas Beans	248266	45.95%	Spain(19.98%) Netherlands(7.83%) France(7.78%)	54.05%	5.68%	Kenya(20.85%) Morocco(5.01%) Senegal(3.40%)
0709	Artichokes Asparagus Celery Mushrooms Spinach Sweet corn	2047631	85.74%	Spain(30.50%) Netherlands(28.19%) Ireland(8.07%)	14.26%	0.06%	Israel(1.77%) Turkey(1.54%) Poland(1.43%)

Table 7 Imports of Preliminary List of Potential Products by EU Countries, 1997

(1000 ECU)

	France	Belgium	Netherlands	Germany	Italy	UK	Ireland	Denmark	Greece	Portugal	Spain	Sweden	Finland	Austria	EU
DAIRY PRODUCTS															
040310	YOGURT WHETHER OR NOT FLAVOURED OR CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER FRUITS NUTS OR COCOA														
Member	39121	49371	59309	31503	57870	90385	6235	1691	2231	14018	56436	7873	11379	13745	441169
Non member	47	28	0	82	86	200	0	0	0	15	0	61	2	67	588
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
040610	FRESH CHEESE I E UNRIPENED OR UNCURED CHEESE INCLUDING WHEY CHEESE AND CURD														
Member	44523	70420	42647	168452	96547	1E+05	12737	5865	15093	10789	19716	11330	4394	36615	673397
Non member	286	1070	923	514	6	110	0	265	0	0	14	1186	32	0	4405
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FROZEN VEGETABLES & FRUITS															
071021	SHELLED OR UNSHELLED PEAS UNCOOKED OR COOKED BY STEAMING OR BY BOILING IN WATER FROZEN														
Member	8931	7308	2622	21256	33931	8277	2958	1662	1938	7677	11478	147	115	1017	109317
Non member	764	618	575	1950	159	1532	0	275	2772	1	2	458	78	237	9421
Egypt	0	0	8	0	0	0	0	0	0	0	0	0	0	0	9
071022	SHELLED OR UNSHELLED BEANS UNCOOKED OR COOKED BY STEAMING OR BY BOILING IN WATER FROZEN														
Member	15482	13081	3296	15263	4641	13041	1235	2959	1431	539	5042	1026	143	1311	78489
Non member	4445	1461	477	4428	0	391	0	140	649	0	545	837	372	289	14035
Egypt	0	0	1	0	0	0	0	0	1	0	0	3	0	0	6
071040	SWEETCORN UNCOOKED OR COOKED BY STEAMING OR BY BOILING IN WATER FROZEN														
Member	3063	7922	715	3437	1483	9155	2882	2534	340	659	957	517	234	914	34813
Non member	737	888	1054	4454	89	22242	71	157	534	0	246	3313	1371	1277	36433
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
071080	VEGETABLES UNCOOKED OR COOKED BY STEAMING OR BY BOILING IN WATER FROZEN (EXCL POTATOES LEGUMINOUS VEGETABLES)														
SPINACH NEW ZEALAND SPINACH ORACHE SPINACH AND SWEETCORN)															
Member	101049	50558	23167	113738	29116	56685	4874	9131	3412	2515	11763	9603	3943	10769	430322
Non member	16187	14210	16661	60700	18861	17424	498	2771	3940	0	3237	5599	2304	1763	164154
Egypt	547	0	29	5	12	82	0	13	58	0	0	52	0	7	806
07108085	ASPARAGUS WHETHER OR NOT COOKED BY BOILING IN WATER OR BY STEAMING FROZEN														
Member	2192	642	432	1373	1540	213	1	62	30	154	381	112	33	524	7686

Table 7. Imports of Preliminary List of Potential Products by EU Countries, 1997 (cont'd)

(1000 ECU)

	France	Belgium	Netherlands	Germany	Italy	UK	Ireland	Denmark	Greece	Portugal	Spain	Sweden	Finland	Austria	EU		
071090	Non member	1485	2004	3116	8677	6215	2318	0	73	0	0	2747	402	0	21	27059	
	Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	MIXTURES OF VEGETABLES UNCOOKED OR COOKED BY STEAMING OR BY BOILING IN WATER FROZEN																
	Member	19846	5058	3331	40300	3561	3788	4413	1817	1016	2424	3145	3623	1444	5109	98875	
	Non member	448	46	127	772	18	557	11	20	417	1	49	375	907	530	4278	
081110	Egypt	0	0	1	0	0	1	0	0	8	0	0	6	0	0	16	
	FROZEN STRAWBERRIES UNCOOKED OR COOKED BY STEAMING OR BOILING IN WATER WHETHER OR NOT SWEETENED																
	Member	13930	3708	6576	10578	3875	6630	556	2917	118	190	780	1087	211	3427	54582	
	Non member	9279	3756	10732	57173	1440	10138	138	4565	117	0	2137	4588	4444	2995	111504	
	Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
081120	FROZEN RASPBERRIES BLACKBERRIES MULBERRIES LOGANBERRIES BLACK WHITE OR RED CURRANTS AND GOOSEBERRIES UNCOOKED OR COOKED BY STEAMING OR BOILING IN WATER WHETHER OR NOT SWEETENED																
	Member	10841	4382	4348	20952	3677	9527	348	2589	20	62	1202	497	511	3498	62453	
	Non member	16433	5405	11953	54028	2489	8270	0	4206	44	0	20	4770	3694	6253	117566	
	Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	DRIED FRUITS & VEGETABLES*																
08134070	DRIED CASHEW APPLES LYCHEES JACKFRUIT SAPODILLO PLUMS PASSION FRUIT CARAMBOLA AND PITAHAYA																
	Member	2	10	0	15	1	0	0	0	0	0	6	12	7	199	252	
	Non member	181	0	16	26	7	74	0	0	0	0	6	8	0	0	317	
	Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	DRIED EDIBLE FRUIT N E S																
08134095	Member	528	692	831	1108	199	2543	211	1900	10	13	74	777	158	1979	11024	
	Non member	972	368	467	11830	175	1105	0	35	1	0	12	2512	0	259	17735	
	Egypt	0	0	0	0	0	0	0	1	0	0	0	0	0	0	1	
	MIXTURES OF NUTS OR DRIED FRUITS																
	081350	Member	914	723	2524	1842	563	4472	199	982	53	237	454	1219	1644	1945	17767
Non member		38	6	175	175	82	2766	29	69	0	0	19	469	259	152	4237	
Egypt		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Table 7. Imports of Preliminary List of Potential Products by EU Countries, 1997 (cont'd.)

(1000 ECU)

	France	Belgium	Netherlands	Germany	Italy	UK	Ireland	Denmark	Greece	Portugal	Spain	Sweden	Finland	Austria	EU
08135012	MIXTURES OF DRIED PAPAW'S PAPAYAS TAMARINDS CASHEW APPLES LYCHEES JACKFRUIT SAPODILLO PLUMS PASSION FRUIT CARAMBOLA AND PITAHAYA NOT CONTAINING PRUNES														
Member	294	10	161	21	1	89	0	0	0	0	0	0	1	2	585
Non member	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
08135015	MIXTURES OF DRIED FRUIT NOT CONTAINING PRUNES (EXCL FRUIT IN HEADINGS 0801 TO 0806 AND PAPAW'S PAPAYAS TAMARINDS CASHEW APPLES LYCHEES JACKFRUIT SAPODILLO PLUMS PASSION FRUIT CARAMBOLA AND PITAHAYA)														
Member	4	28	50	127	93	122	0	25	18	11	3	82	27	88	678
Non member	0	0	50	19	0	396	29	0	0	0	0	0	2	0	504
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
08135019	MIXTURES OF DRIED APRICOTS APPLES PEACHES INCL NECTARINES PEARS PAWPAWS OR OTHER DRIED FRUITS N E S INCLUDING PRUNES (EXCL MIXTURES OF NUTS)														
Member	61	2	678	249	0	5	0	0	1	1	2	138	438	1068	2643
Non member	0	0	7	43	0	23	0	13	0	0	0	208	9	1	303
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
08135091	MIXTURES OF DRIED FRUITS N E S (EXCL PRUNES OR FIGS)														
Member	148	252	1602	316	130	3181	10	199	0	25	388	127	216	170	6763
Non member	26	0	64	61	9	53	0	56	0	0	19	4	0	0	291
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
08135099	MIXTURES OF DRIED FRUITS N E S														
Member	298	302	18	1078	338	704	185	179	33	167	49	313	801	570	5034
Non member	12	6	54	49	70	2285	0	0	0	0	0	243	241	125	3085
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

PICKLED VEGETABLES

200190	VEGETABLES FRUIT NUTS AND OTHER EDIBLE PARTS OF PLANTS PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID (EXCL CUCUMBERS GHERKINS AND ONIONS)														
Member	10607	6837	3988	29108	5590	4303	1661	5986	776	2063	3915	4841	720	5907	86303
Non member	3107	1327	6579	20258	2933	9181	109	1070	142	18	551	1982	309	1668	49231
Egypt	32	1	2	0	5	4	0	0	4	0	52	0	0	1	100

Table 7 Imports of Preliminary List of Potential Products by EU Countries 1997 (cont'd.)

(1000 ECU)

	France	Belgium	Netherlands	Germany	Italy	UK	Ireland	Denmark	Greece	Portugal	Spain	Sweden	Finland	Austria	EU
PROCESSED AND DRIED TOMATO PRODUCTS*															
200210	TOMATOES WHOLE OR IN PIECES PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID														
Member	42211	21623	9454	58539	1708	174820	4958	7359	7735	2842	120	7828	1564	2718	343479
Non member	465	46	406	1714	138	2682	4	230	1	1	11	181	7	1	5887
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
200290	TOMATOES PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID (EXCL WHOLE OR IN PIECES)														
Member	40783	21895	28106	83741	29064	90753	1167	5772	1620	720	8307	10386	6674	7402	336389
Non member	3105	567	2486	12893	26382	13081	27	564	189	14	67	3201	1938	438	64951
Egypt	0	0	0	0	129	0	0	0	0	0	0	0	0	0	129
07129030	DRIED TOMATOES WHOLE CUT SLICED BROKEN OR IN POWDER BUT NOT FURTHER PREPARED														
Member	498	217	2786	5720	485	2508	550	248	139	144	153	699	437	760	15344
Non member	1235	158	769	1772	2035	1877	0	245	3	0	43	42	9	55	8244
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CANNED & BOTTLED VEGETABLES & FRUIT															
20083055	MANDARINS INCL TANGERINES AND SATSUMAS CLEMENTINES WILKINGS AND SIMILAR CITRUS HYBRIDS PREPARED OR PRESERVED CONTAINING ADDED SUGAR BUT NO ADDED SPIRIT IN PACKINGS OF > 1 KG														
Member	560	1029	1401	6835	0	4277	25	259	165	0	1	523	328	328	15731
Non member	0	0	110	411	0	418	0	0	0	0	0	61	0	0	1000
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FRUIT JUICES															
200911	FROZEN ORANGE JUICE WHETHER OR NOT CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER (EXCL FERMENTED OR CONTAINING SPIRIT)														
Member	123142	33844	5868	155177	14863	83078	13774	13674	7066	1127	9552	23137	9512	22803	516617
Non member	6757	165525	335276	78377	245	23324	496	2786	2676	378	2366	337	3439	3457	626439
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 7: Imports of Preliminary List of Potential Products by EU Countries, 1997

(1000 ECU)

		France	Belgium	Netherlands	Germany	Italy	UK	Ireland	Denmark	Greece	Portugal	Spain	Sweden	Finland	Austria	EU
20098032	JUICE OF PASSIONFRUIT OR GUAJAVAS OF DENSITY > 1.33 OF VALUE ≤ 30 ECU PER 100 KG UNFERMENTED (NOT CONTAINING ADDED SPIRIT)															
	Member	460	18	22	42	4	69	0	0	0	161	80	0	14	27	896
	Non member	266	1	0	3	0	2	0	0	0	0	1	0	0	0	272
	Egypt	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1
20099092	MIXTURES OF JUICES OF GUAJAVAS MANGOES MANGOSTEENS PAPAW'S PAPAYAS TAMARINDS CASHEW APPLES LYCHEES JACKFRUIT SAPODILLO PLUMS PASSION FRUIT CARAMBOLA OR PITAHAYA UNFERMENTED															
	NOT CONTAINING ADDED SPIRIT OF A DENSITY NOT EXCEEDING															
	Member	53	2	48	0	22	0	24	0	0	9	60	0	0	4	222
	Non member	0	0	0	0	10	0	0	0	0	0	0	0	0	0	10
	Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

PRECUT & PREPACKED VEGETABLES & VEGETABLE SALAD MIXES

070310	FRESH OR CHILLED ONIONS AND SHALLOTS															
	Member	30565	24440	6982	72619	7162	65557	8267	6945	1416	4624	6433	6808	2377	7772	251967
	Non member	3252	9555	14234	6343	1010	18750	367	76	1531	0	218	1139	62	378	56915
	Egypt	82	4	82	290	284	561	12	0	1344	0	0	4	0	45	2708
07031011	ONION SETS FRESH OR CHILLED															
	Member	2468	540	118	3168	1354	4757	1016	445	144	119	387	549	769	1023	16859
	Non member	1	0	171	10	32	3271	9	20	0	0	0	4	9	2	3530
	Egypt	0	0	11	0	13	74	9	0	0	0	0	0	0	0	108
07031019	ONIONS FRESH OR CHILLED (EXCL SETS)															
	Member	27563	20304	6292	65566	4503	54789	6951	5631	1272	4487	5858	5875	1543	6015	216649
	Non member	3099	9555	13969	6315	978	15479	351	56	1531	0	211	1135	53	376	53107
	Egypt	82	4	71	289	271	487	2	0	1344	0	0	4	0	45	2598
07031090	SHALLOTS FRESH OR CHILLED															
	Member	534	3596	572	3885	1305	6011	300	869	0	18	188	384	65	734	18459
	Non member	152	0	94	18	0	0	7	0	0	0	7	0	0	0	278
	Egypt	0	0	0	1	0	0	1	0	0	0	0	0	0	0	2

Table 2. Imports of Preliminary List of Potential Products by EU Countries, 1997 (cont'd.)

(1000 ECU)

	France	Belgium	Netherlands	Germany	Italy	UK	Ireland	Denmark	Greece	Portugal	Spain	Sweden	Finland	Austria	EU
070410	<i>FRESH OR CHILLED CAULIFLOWERS AND HEADED BROCCOLI</i>														
Member	21172	11104	21723	54142	4429	88188	8538	6104	867	1460	3026	3880	3013	4272	231920
Non member	10	6	29	56	44	104	0	0	1	0	0	51	48	42	390
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07041005	<i>FRESH OR CHILLED CAULIFLOWERS FROM 1 JANUARY TO 14 APRIL</i>														
Member	9661	6209	12215	27997	395	47746	2471	2527	533	384	886	1676	1040	2348	116088
Non member	6	0	7	1	19	84	0	0	0	0	0	1	0	41	160
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07041010	<i>CAULIFLOWERS AND HEADED BROCCOLI FROM 15 APRIL TO 30 NOVEMBER FRESH OR CHILLED</i>														
Member	8681	4049	7861	21933	3954	27958	5923	2884	289	739	1788	1745	1796	1374	90974
Non member	4	6	21	55	25	20	0	0	0	0	0	50	48	1	228
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07041080	<i>FRESH OR CHILLED CAULIFLOWERS FROM 1 TO 31 DECEMBER</i>														
Member	2830	846	1647	4212	80	12484	144	693	45	337	352	459	177	550	24858
Non member	0	0	1	0	0	0	0	0	1	0	0	0	0	0	2
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07042000	<i>BRUSSELS SPROUTS FRESH OR CHILLED</i>														
Member	5439	2056	607	22219	1117	2885	183	149	37	79	64	486	275	553	36150
Non member	0	4	36	2	0	104	0	0	0	0	0	0	0	0	146
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Table 7: Imports of Preliminary List of Potential Products by EU Countries, 1997 (cont'd.)

(1000 ECU)

	France	Belgium	Netherlands	Germany	Italy	UK	Ireland	Denmark	Greece	Portugal	Spain	Sweden	Finland	Austria	EU
07049010	WHITE AND RED CABBAGES FRESH OR CHILLED														
Member	3939	687	1065	2962	865	4762	837	511	85	317	588	1984	96	1005	19702
Non member	17	2	118	927	4	8	0	4	24	0	0	255	471	215	2045
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07049090	KOHLRABI KALE AND SIMILAR EDIBLE BRASSICAS FRESH OR CHILLED (EXCL CAULIFLOWERS HEADED BROCCOLI)														
Member	3932	4635	18257	75975	565	11192	648	3571	267	820	259	6590	4625	5871	137207
Non member	239	444	233	101	26	359	0	36	7	0	0	543	290	154	2432
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
070511	FRESH OR CHILLED CABBAGE LETTUCE														
Member	11251	2457	17769	117100	5285	92115	4428	10213	233	1053	2593	26930	9871	18892	320191
Non member	94	18	161	93	32	2732	0	1	0	0	0	110	0	629	3869
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07051900	FRESH OR CHILLED LETTUCE (EXCL CABBAGE LETTUCE)														
Member	5523	10193	9395	65793	3712	46120	3415	1861	97	838	1144	1095	471	8014	156672
Non member	14	0	2	52	19	43	0	0	2	0	0	16	0	6	155
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07052100	FRESH OR CHILLED WITLOOF CHICORY														
Member	3969	13060	3032	16614	13273	1876	68	154	126	31	1102	273	77	961	54615
Non member	10	7	1	0	0	0	0	0	0	0	0	0	0	0	18
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07061000	FRESH OR CHILLED CARROTS AND TURNIPS														
Member	20224	25531	6717	55357	2578	13567	4283	4679	43	6584	1156	2122	1560	3152	147552
Non member	1912	369	51	185	9	635	5	3	0	0	3	83	68	43	3364
Egypt	0	0	0	0	0	0	0	0	0	0	3	0	0	0	3
070810	FRESH OR CHILLED PEAS PISUM SATIVUM SHELLED OR UNSHELLED														
Member	7210	6855	2598	2602	446	2306	471	1021	5	194	515	367	118	205	24912
Non member	1245	383	5565	1909	4	22514	549	36	4	0	6	142	30	8	32393
Egypt	60	2	394	12	0	217	0	0	3	0	0	0	0	5	693

Table 7. Imports of Preliminary List of Potential Products by EU Countries 1997 (cont'd)

(1000 ECU)

	France	Belgium	Netherlands	Germany	Italy	UK	Ireland	Denmark	Greece	Portugal	Spain	Sweden	Finland	Austria	EU
070820	FRESH OR CHILLED BEANS VIGNA SPP PHASEOLUS SPP SHELLED OR UNSHELLED														
Member	19219	10715	13134	18391	1954	4465	509	403	17	3083	1933	389	126	1103	75439
Non member	34838	5045	16144	3445	5277	34624	16	0	49	1	264	107	1	612	100424
Egypt	691	844	7728	1074	1457	1093	0	0	20	0	0	8	1	491	13408
070910	FRESH OR CHILLED GLOBE ARTICHOKE														
Member	19187	1967	748	2960	3461	1816	4	369	92	17	259	548	50	138	31616
Non member	453	2	102	34	0	14	0	0	51	1	0	0	0	8	667
Egypt	422	1	98	24	0	14	0	0	51	0	0	0	0	8	618
07092000	FRESH OR CHILLED ASPARAGUS														
Member	20749	5941	8460	111506	10557	2944	256	1383	171	68	1154	933	327	4763	169214
Non member	2664	778	5335	4494	1148	5951	4	292	4	0	3383	89	53	1144	25339
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
07094000	FRESH OR CHILLED CELERY (EXCL CELERIAC)														
Member	5368	2490	3668	3410	950	20665	837	732	142	62	512	564	411	426	40237
Non member	1106	1483	180	59	0	2909	0	0	24	0	0	233	0	1	5993
Egypt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
070951	FRESH OR CHILLED MUSHROOMS														
Member	26125	11425	14969	63480	16451	2E+05	797	4913	1017	552	1337	13849	1291	3560	359746
Non member	13110	318	547	40026	23230	1299	0	136	35	0	90	884	261	15331	95267
Egypt	0	0	0	1	0	0	0	0	0	0	2	0	0	0	3
070960	FRESH OR CHILLED FRUITS OF THE GENUS CAPSICUM OR PIMENTA														
Member	81649	19030	50367	312180	45567	1E+05	9337	19603	1289	3226	538	34991	14312	23668	742060
Non member	10359	3926	14819	27549	133	10703	0	158	547	49	200	1175	54	6159	75831
Egypt	11	14	127	42	0	39	0	0	45	0	0	14	3	90	386
07097000	FRESH OR CHILLED SPINACH NEW ZEALAND SPINACH AND ORACHE SPINACH														
Member	590	748	1509	5494	109	4756	117	113	61	54	48	406	46	496	14546
Non member	8	0	2	83	0	569	0	0	0	0	0	4	0	3	668
Egypt	0	0	0	2	0	0	0	0	0	0	0	0	0	0	2

Table 7. Imports of Preliminary List of Potential Products by EU Countries, 1997 (cont'd.)
(1000 ECU)

		France	Belgium	Netherlands	Germany	Italy	UK	Ireland	Denmark	Greece	Portugal	Spain	Sweden	Finland	Austria	EU
07099060	FRESH OR CHILLED SWEETCORN															
	Member	741	586	347	756	188	2108	427	1015	7	29	163	342	753	212	7673
	Non member	481	341	2859	642	70	13528	7	839	13	32	3	38	30	141	19025
	Egypt	0	3	0	0	0	1	0	0	10	0	0	0	0	0	14

Table 11. Total Imports of EU and its Member Countries of Preliminary List of Products in 4 Digits CN Codes, 1997
(Billion ECU)

Products	Total Imports of EU	France	Belgium	Netherlands	Germany	Italy	UK	Ireland	Denmark	Greece	Portugal	Spain	Sweden	Finland	Austria
0403	0.64	0.05	0.07	0.10	0.05	0.08	0.11	0.02	0.01	0.01	0.02	0.07	0.01	0.01	0.03
0406	6.23	0.56	0.65	0.27	1.86	1.01	0.84	0.06	0.08	0.21	0.04	0.29	0.12	0.07	0.15
0703	0.54	0.08	0.05	0.04	0.14	0.03	0.11	0.01	0.01	0.01	0.01	0.02	0.02	0.01	0.02
0704	0.43	0.03	0.02	0.04	0.16	0.01	0.11	0.01	0.01	0.00	0.00	0.00	0.01	0.01	0.01
0705	0.60	0.04	0.03	0.03	0.23	0.02	0.14	0.01	0.01	0.00	0.00	0.01	0.03	0.01	0.03
0706	0.25	0.04	0.04	0.01	0.09	0.01	0.02	0.00	0.01	0.00	0.01	0.00	0.01	0.00	0.01
0708	0.25	0.06	0.03	0.04	0.03	0.01	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0709	2.05	0.31	0.07	0.13	0.70	0.12	0.49	0.01	0.04	0.00	0.01	0.01	0.07	0.02	0.07
0710	1.12	0.19	0.11	0.06	0.29	0.10	0.17	0.02	0.03	0.02	0.02	0.05	0.03	0.01	0.02
0711	0.14	0.02	0.01	0.01	0.03	0.04	0.01	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00
0712	0.34	0.05	0.01	0.03	0.09	0.04	0.05	0.01	0.01	0.00	0.00	0.01	0.01	0.00	0.01
0804	0.78	0.27	0.09	0.08	0.09	0.06	0.09	0.00	0.01	0.00	0.01	0.04	0.01	0.00	0.01
0811	0.68	0.10	0.03	0.07	0.29	0.03	0.07	0.00	0.02	0.00	0.00	0.01	0.02	0.01	0.03
0812	0.05	0.00	0.00	0.00	0.00	0.01	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0813	0.26	0.02	0.01	0.02	0.08	0.02	0.05	0.00	0.01	0.00	0.00	0.01	0.01	0.01	0.01
2001	0.26	0.05	0.02	0.03	0.07	0.01	0.03	0.00	0.01	0.00	0.00	0.01	0.01	0.00	0.01
2002	0.75	0.09	0.04	0.04	0.16	0.06	0.28	0.01	0.01	0.01	0.00	0.01	0.02	0.01	0.01
2005	1.60	0.24	0.12	0.14	0.40	0.15	0.27	0.02	0.03	0.01	0.01	0.11	0.04	0.01	0.03
2007	0.31	0.05	0.04	0.03	0.09	0.02	0.04	0.01	0.00	0.00	0.01	0.01	0.01	0.00	0.01
2008	1.93	0.38	0.12	0.20	0.61	0.10	0.33	0.02	0.03	0.01	0.02	0.05	0.06	0.03	0.07
2009	3.00	0.44	0.34	0.58	0.74	0.12	0.33	0.03	0.06	0.03	0.05	0.07	0.07	0.04	0.10

Table 12: Share of Imports from non-member Countries to the EU Countries

Products	% in Total EU	% in Total France	% in Total Belgium	% in Total Netherlands	% in Total Germany	% in Total Italy	% in Total UK	% in Total Ireland	% in Total Denmark	% in Total Greece	% in Total Portugal	% in Total Spain	% in Total Sweden	% in Total Finland	% in Total Austria
0403	0.59%	0.12%	0.30%	0.00%	0.23%	0.11%	0.29%	0.01%	51.32%	0.00%	0.07%	0.00%	0.71%	0.02%	0.30%
0406	7.09%	10.34%	3.53%	15.67%	4.82%	10.24%	11.18%	0.45%	3.79%	1.20%	3.34%	2.85%	3.12%	6.74%	4.32%
0703	20.56%	21.10%	29.56%	67.56%	6.85%	28.39%	19.85%	3.94%	1.30%	51.38%	15.37%	23.64%	7.22%	3.71%	10.23%
0704	1.17%	0.77%	2.41%	0.99%	0.69%	1.05%	0.53%	0.00%	0.39%	2.48%	0.00%	0.00%	6.16%	9.17%	3.39%
0705	0.69%	0.38%	0.09%	0.49%	0.06%	0.47%	1.92%	0.00%	0.01%	0.43%	0.00%	0.03%	0.43%	0.00%	1.91%
0706	3.85%	7.37%	1.15%	3.36%	2.70%	0.75%	8.86%	0.10%	3.51%	5.00%	0.00%	0.77%	4.64%	3.14%	8.98%
0708	54.05%	55.89%	19.75%	56.64%	20.68%	59.47%	88.69%	26.34%	2.41%	51.46%	0.03%	7.53%	26.53%	14.09%	27.62%
0709	14.26%	13.55%	13.05%	22.14%	11.24%	24.99%	14.18%	0.08%	4.92%	18.64%	2.22%	35.78%	4.82%	2.39%	34.11%
0710	21.19%	12.35%	15.71%	32.64%	24.93%	18.27%	29.97%	2.32%	13.07%	34.79%	0.01%	8.68%	39.16%	45.21%	17.64%
0711	68.17%	63.84%	25.28%	37.92%	78.98%	84.03%	33.82%	33.60%	36.76%	26.17%	0.51%	90.26%	86.46%	58.05%	20.63%
0712	55.32%	58.35%	23.66%	40.92%	62.69%	82.76%	56.29%	9.01%	19.38%	23.98%	19.29%	42.89%	56.16%	58.19%	13.19%
0804	65.31%	79.78%	85.31%	65.18%	37.11%	60.08%	68.21%	20.91%	24.70%	7.41%	35.66%	48.97%	25.33%	4.08%	25.89%
0811	60.15%	41.85%	47.80%	72.65%	70.48%	27.13%	51.69%	15.85%	55.16%	62.35%	10.38%	44.75%	82.86%	82.22%	43.97%
0812	38.62%	31.54%	44.22%	71.80%	12.09%	75.09%	32.96%	6.29%	63.57%	89.76%	0.00%	7.84%	2.70%	0.00%	44.89%
0813	65.68%	78.50%	27.23%	65.89%	74.20%	74.01%	69.99%	6.73%	42.51%	37.22%	33.01%	54.93%	70.76%	57.32%	24.67%
2001	45.69%	49.72%	40.86%	52.28%	50.48%	36.45%	60.61%	4.66%	20.11%	25.42%	0.72%	38.47%	39.63%	18.91%	27.51%
2002	9.44%	4.12%	1.39%	7.15%	9.31%	46.29%	5.60%	0.50%	5.70%	1.99%	0.42%	0.92%	15.66%	19.10%	4.16%
2005	24.32%	42.04%	7.17%	42.87%	18.11%	8.58%	15.86%	3.40%	24.81%	55.82%	9.47%	51.78%	31.01%	15.66%	8.72%
2007	4.24%	2.21%	0.60%	4.01%	5.88%	9.07%	3.13%	6.89%	2.25%	0.84%	4.40%	7.65%	5.66%	3.04%	9.05%
2008	40.44%	28.79%	30.08%	62.49%	43.71%	27.05%	43.38%	14.96%	31.43%	24.57%	29.74%	56.98%	51.11%	55.87%	29.38%
2009	41.57%	9.04%	58.52%	81.02%	46.26%	27.60%	20.85%	7.09%	11.73%	16.92%	3.51%	35.82%	4.64%	31.21%	38.85%

**European
Union
Markets
For
Egyptian
Processed
Food
Products**

**Findings of a
Rapid Industry
Analysis (IRA)
Of Trade,
Market Trends
And
Opportunities**

**Volume II of II
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CTO Mr Tarek Shata**

Prepared by Abt Associates Inc

Douglas A Anderson - Team Director / Marketing
Charles J D Stathacos
Mark D Newman

With Graphics by
SRD Research Group

Samuel Daines
Gregory Daines
Stanford Smith
Barclay Burns

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A RAPID INDUSTRY ANALYSIS OF POTENTIALS FOR EXPORTS FROM EGYPT

Prepared by

Samuel R Daines Research Group Inc
Logan Utah & Cambridge England

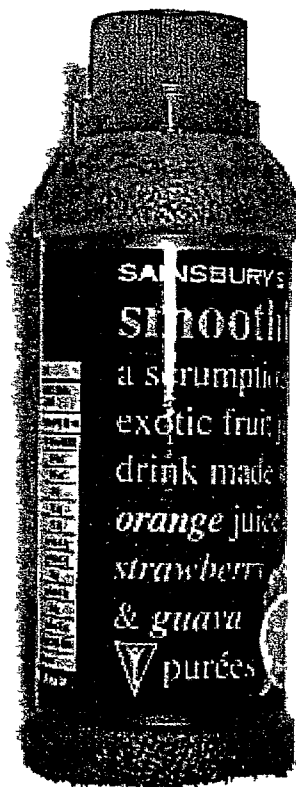
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Cairo, Egypt



SRD REPORT CONTRIBUTORS

SRD Northern Europe ALEB/IRA Team

Samuel Daines J D Harvard International Trade Law

Gregory Daines M Phill Cambridge Land Economy

Stanford Smith M A BYU International Development Studies

Barclay Burns Ph D (Cand) Cambridge Business Studies

WITH ASSISTANCE FROM ABT IRA TEAM

Dennis Buda Ph D ALEB Chief of Party

Douglas Anderson Ph D ALEB Task III Leader

Mark Newman Ph D , Abt Bethesda

Charles Stathacos Abt Bethesda

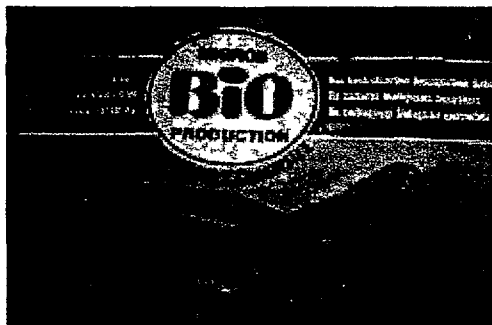
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PRODUCT/MARKET FOCUS ANNEXES

Fruit Juice Markets & Products in the United Kingdom, Germany & Switzerland
 Frozen Strawberry Markets in Germany and Switzerland
 Dehydrated Onion Markets in the United Kingdom and Germany
 Precut/Bagged Green Bean Markets in Switzerland



1. Fruit Juice Markets in Northern Europe

a Northern Europe Market Overview

SRD estimates that the U K and continental Western Europe including Switzerland consumed 31 6B litres of fruit juices during the five year period from 1993-1997. Major Northern European markets (U K Germany, France Benelux and Switzerland) consumed 87% of that total or 27 3B litres.

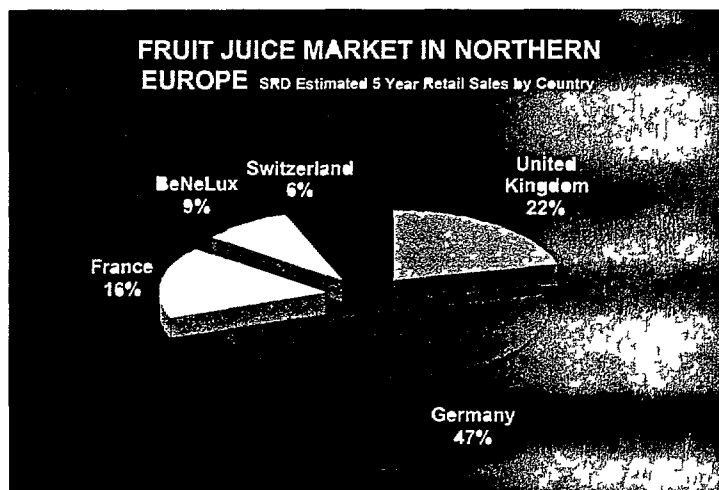


Fruit juice consumption in most Western European countries shows a healthy growth trend (see individual country analysis below) partly under price/volume encouragement from price pressures induced by increased competition and 'cost-cutter' supermarket sales. The bar chart to the left outlines individual country shares in the overall European juice market. Germany dominates with the U K and France only equalling German market size when combined.

SRD Estimate of Retail Sales of Fruit Juices in Europe (Millions of Litres 1993-1997)

	United Kingdom	Germany	France	Italy	Spain	BeNeLux	Switzerland	Total
Total	5 879	13 001	4 503	1 909	2 319	2 418	1 537	31 566

Inside Northern Europe the German share is 47% more than double the U K 22%. This implies a much stronger percapita consumption in Germany than in its neighbours. This is consistent with SRD's view that market growth is driven by consumer response to lower relative prices.



b Fruit Juice Markets in the United Kingdom

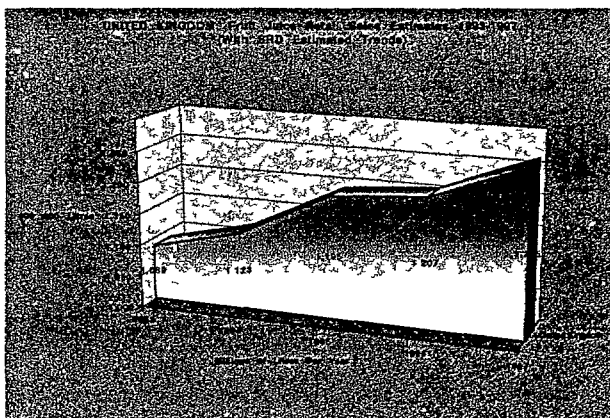
Discussions with fruit juice processors, packers, wholesalers and retailers, along with analysis of relevant market data suggest that the following market trends are driving consumption and imports of fruit juices in the U K

Increased growth in short shelf life “fresh” juices based on “light pasteurization” technologies New technologies have allowed the extension of the shelf life of “fresh squeezed” fruit juices Not only has the safe shelf life been extended, but also the “fresh taste” shelf life, so that excellent product quality can be maintained

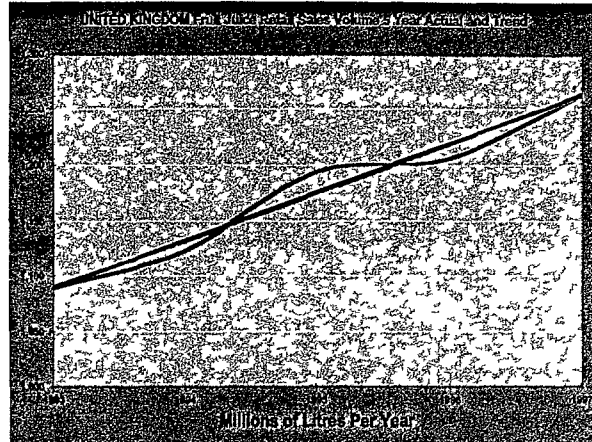
Increasing dominance of 100% juice preference driven by consumer healthy lifestyles This is a well known trend in the U S but is just reaching full expression in European markets, and the UK is no exception The trend can even be seen in the use of words like “high juice” in the less than pure juice categories Declining alcohol consumption is a pattern in most Northern European countries, the trend is significant in the U K Part of this slack is being taken up by fruit juices, although a significant part of this demand is shifting to soft drinks of various types which have little or no fruit content

There is continued growth in private label marketing through major “multiples” (super-market chains) which has had an effect on consumption by making fruit juices available on a wider and more competitively priced basis, even with some juices, mostly orange, being marketed in “generic” basic packaging at very low prices There is a trend to polarization of the market at the 100% and “juice drink extremes, creating a relative softening in the markets for the so called “high-juice” middle ground Although this middle ground is not really high in juice (usually 20-40%), its market position is being eroded

U K fruit juice, like all fresh produce, has traditionally been driven by daily and weekly weather patterns U K consumers associate fresh with ‘warm and sunny’ and buy fruit products that seem to fit with the weather



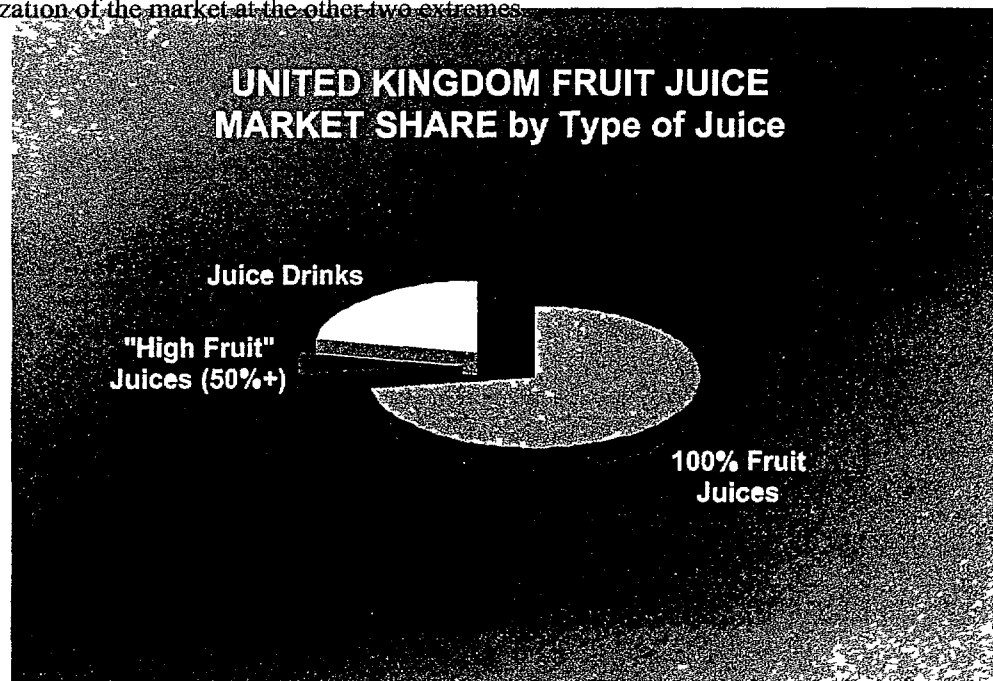
mood There is now an evident gradual decreasing dependence of juice consumption on domestic weather conditions, consumers are more and more buying based on more stable menu preferences than on daily/weekly weather, and fruit juice consumption is stabilizing as a result. Retail and supermarket contract prices are softening under the pressure from lower cost structures in both processing (resulting from continued consolidation of branded processors) and cost-cutter pressure at the lower end of the supermarket structure from players like Lidl and Kwik Save. Lidl and Aldi are German owned cost-cutters, and their influence has been significant, following on less successful domestic UK costcutters in the late 80 s and early 90 s.



The five year growth trend in fruit juice sales shows a steady upward trend from less than 1.2B litres per year in 1993 to over 1.5B in 1997, an increase of more than 150 million litres per year.

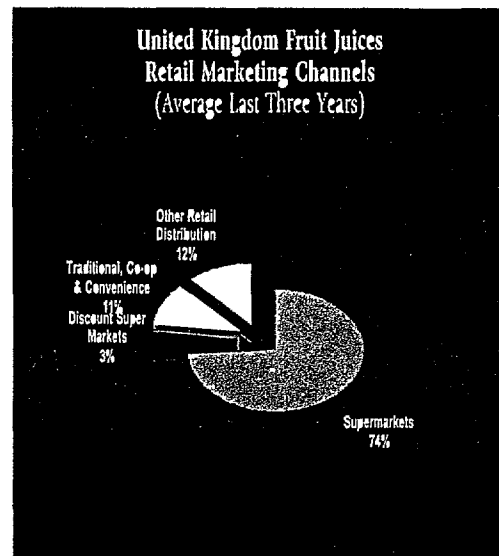
SRD's growth rate projection will place consumption at over 1.5B litres by the year 2002 when the ALEB project should begin to have significant export impacts.

The pie chart illustrates the market share of different types of fruit juices in the U.K. market, showing the dominance of 100% or pure fruit juices. These are also the most competitive for Egyptian export because of the non-sugar import regulations in the EU. The pie chart also illustrates the weak market share position of the intermediate "high-fruit" juice formats and the polarization of the market at the other two extremes.



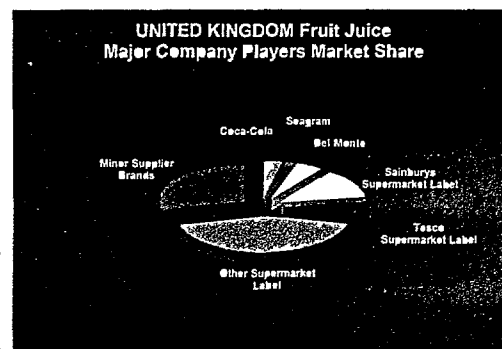
The pie chart opposite outlines marketing channel market shares for fruit juices in the U K illustrating the dominance of the main line supermarkets with nearly three fourths of total sales

UNITED KINGDOM Fruit Juice Marketing Channels (1996 1998)	Millions of Litres
Supermarkets	994
Discount Super Markets	40
Traditional Co op & Convenience	148
Other Retail Distribution	161
Total	1 343



Major company players in the U K juice markets by brand are outlined in the blue pie chart opposite with market shares outlined in the table below

U K Fruit Juices Major Company Players Market Share	Market Share
Coca Cola	3 2 %
Seagram	1 8 %
Del Monte	4 6 %
Sainburys Supermarket Label	13 0 %
Tesco Supermarket Label	6 0 %
Other Supermarket Label	42 2 %
Minor Supplier Brands	29 2 %
	100 0 %



A partial list of companies contacted in the U K whose inputs have been valuable in formulating the conclusion of this analysis include firms from the full range of processors,

Major Supermarkets Minor Supermarkets Major Processors

Sainsburys	Kwik Save	Del Monte
Tesco	CRS Cooperative Retail Stores	Coca-Cola
Asda	ScotMid	Seagram
Safeway	Budgens	Ocean Spray
Marks & Spencers	Spar	Cape
Waitrose	Londis	
Sommerfield	Lidl	

Minor Processors

Rubicon
Copella
Robinsons

Brokers/Wholesalers

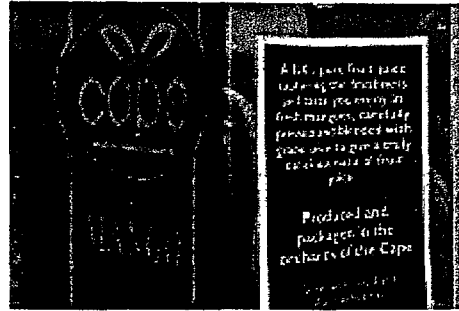
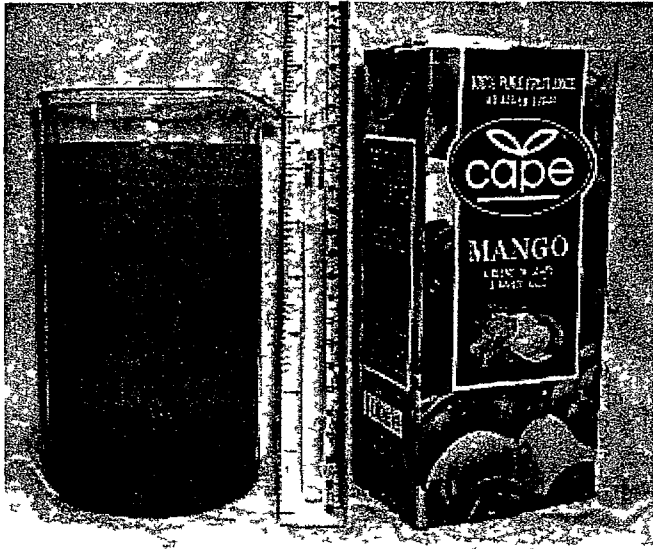
Agro-World U K Ltd
Beacon International
Chaudery Brothers International
Elizabeth Jones & Sons
Nisam International Ltd

intermediate packers, broker/wholesalers and retailers

Highlights of the field work so far for the Industry Rapid Assessment in the U K suggest Egyptian export potentials are strong for 100% juice tropical mixes based on grape and apple dominant base with mango, guava and passion fruit smaller volumes in the mix. Based on discussions, strategic alliances are most probable with Sainsbury's, CRS Co-op, and ASDA for private label. The large processor/packer brand holders are less open to SA's, but possibilities also exist in medium scale packers like Copella. Broker wholesaler channels are more open in general, and Agro-World is one our team is targeting for further development based on initial field work.

Two example formats for the proposed products are illustrated from the IRA field work





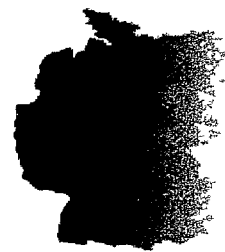
EXAMPLE UK STRATEGIC ALLIANCE POSSIBILITY

One of our U K field discussions was with Del Monte, a major U K fruit juice player (see earlier discussion) Not likely by coincidence, the person we ended up interviewing was a Mr Amr Ali a senior Del Monte executive and a native of Egypt He was very interested in further explorations of Egyptian strategic supply alliances with us and agreed to include Charles Mogabab the Del Monte Middle East director in the loop As with all possible strategic alliance possibilities the potential partner has its own interests and views which give the relationship some trajectories which are positive and others which are potentially challenging to manage In this case the upside is that they need vast quantities of apricot strawberry and tropical juices (see some of their formats below) The challenge may be to manage their interests in a strategic alliance which include potential franchising of a collaborating local processor with marketing interests which may not be predominantly U K or even Europe This type of strategic alliance may have considerable interest in domestic market entry into Egypt which will have to be offset against its export potentials to Europe the MidEast and elsewhere



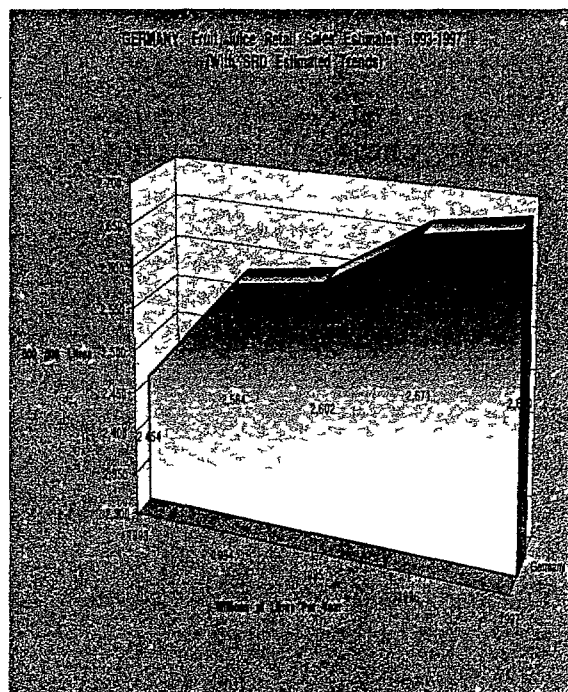
b Fruit Juice Markets in Germany

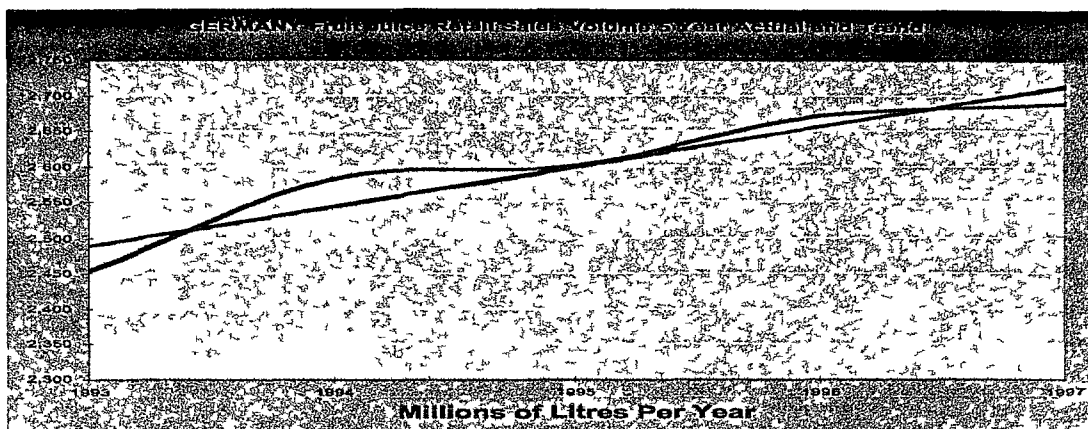
Discussions with fruit juice processors, packers, wholesalers and retailers, along with analysis of relevant market data suggest that the following market trends are driving consumption and imports of fruit juices in Germany



Continued dominance of the downward price pressure exerted by Aldi and Lidl, the principal cost-cutter supermarkets which have emerged as major players in the 1980's and 90's in the German market. There is a decrease in "high-juice" nectar format and shift to 100% juice, particularly in exotic tropicals and mixtures. Declining alcohol consumption, although less prominent than elsewhere, is a continuing trend leading to beverage substitution. Continued dominance of broader citrus juice categories beyond orange, which is uniquely characteristic of the German market is projected. Weakening of apple's dominance as the preferred flavor has complimented the diversification in citrus juices, leading the market away from orange and apple juice flavors. There is a gradual, but important trend shift in the 100% juice category from long-life to chilled, and although it is less based on "light pasteurization" technology than in the U K, the result is the same. The general softening retail and supermarket contract prices has resulted not only from pressure from cost cutters, but also from lower cost structures in processing (resulting from continued consolidation of branded processors)

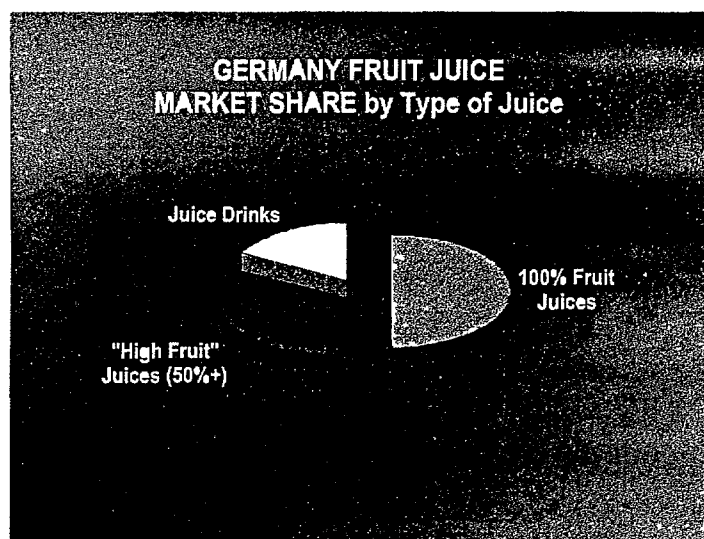
The five year growth trend in fruit juice sales shows a steady upward trend from around 2.5B litres to nearly 2.7B in the period from 1993-97. Although there appeared to be some softening in the growth rate towards the latter part of this period, recent evidence suggest that it has recovered





The pie chart illustrates the market share of different types of fruit juices in the German market, showing the dominance of 100% or pure fruit juices. These are also the most competitive for Egyptian export because of the non-sugar import regulations in the EU. The pattern for Germany, in contrast to the U.K., shows a continued vital market share for the intermediate "high-juice" or nectar format products. SRD and many of the companies we contacted, felt that the trend will continue to favor 100% pure juices.

The top pie chart on the next page outlines the retail market shares for Germany in fruit juices. The most important contrast with both the U.K. and Switzerland is the importance (39%) of the cost-cutter or discount supermarkets. Traditional co-op and convenience stores have continued with an

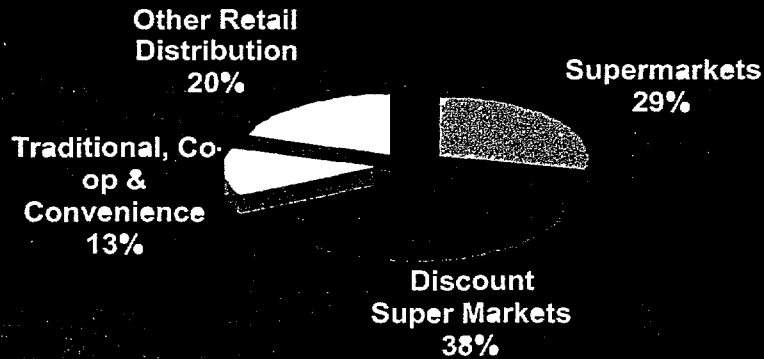


important share supporting the view that the trend to supermarket dominance is not as mature in Germany as in the U.K. Even the sum of both cost cutters and main line supermarket market shares is less than supermarkets alone in the U.K.

Major company players in the German market are summarized in the pie chart at the right. The lower predominance of supermarket private label and the proliferation of minor brands opens an opportunity for Egypt to work with mid-size packers and brands while trying to cultivate the interest of the supermarkets and major players.

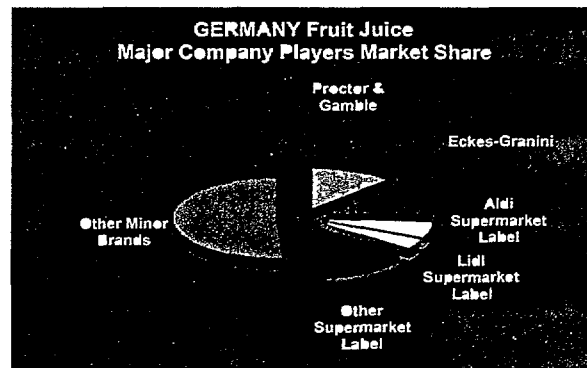
A partial list of German market fruit juice companies contacted as a part of the IRA is as follows:

Germany Fruit Juices Retail Marketing Channels (Average Last Three Years)



PROCTOR & GAMBLE
 Processor/Packer
ECKES GRANINI
 Processor/Packer
APPOLONARIS SCHWEPPE
 Processor/Packer
BERLINER KINDL
 Processor/Packer
BLAUE QUELLEN
 Processor/Packer
BRUKEN
 Wholesaler
DEUTSCHER SUPERMARKET
 Retailer
EKF
 Broker (Import/Export)
GETRANKEINDUSTRIE MAIN
 Processor/Packer
SPAR HANDELS
 Retailer
LIDL & SCHWARZ STIFTUNG
 Retailer
ALDI
 Retailer
JAHNCKE FRUCHTSAFTE
 Processor/Packer
KAES GMBH
 Wholesaler

GERMANY Fruit Juice Marketing Channels (1996 1998)	Millions of Litres
Supermarkets	764
Discount Super Markets	1 045
Traditional Co op & Convenience	348
Other Retail Distribution	522
Total	2 679



Germany Fruit Juices Major Company Players Market Share	Market Share
Procter & Gamble	12.5%
Eckes Granini	13.4%
Aldi Supermarket Label	5.7%
Lidl Supermarket Label	3.8%
Other Supermarket Label	13.6%
Other Minor Brands	51.0%
	100.0%

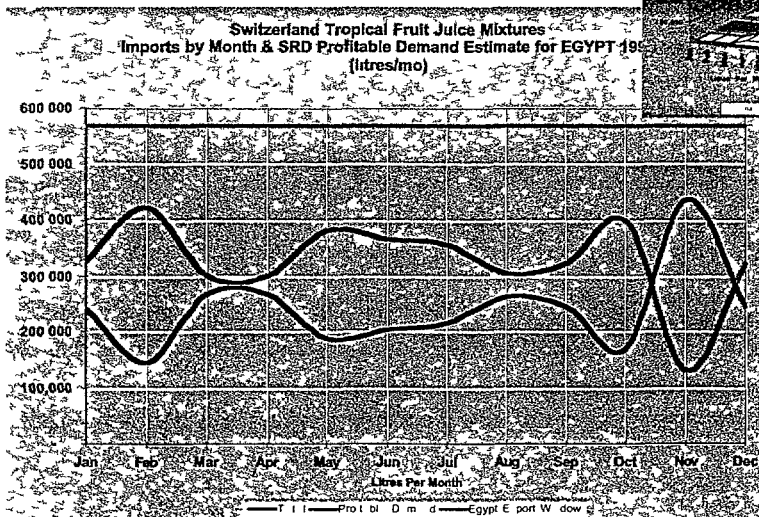
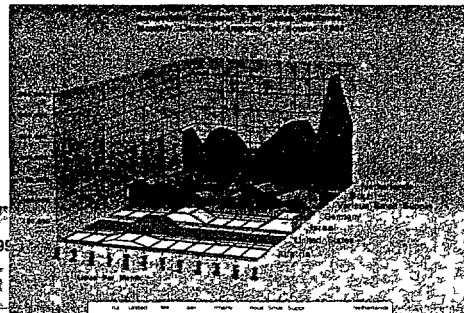
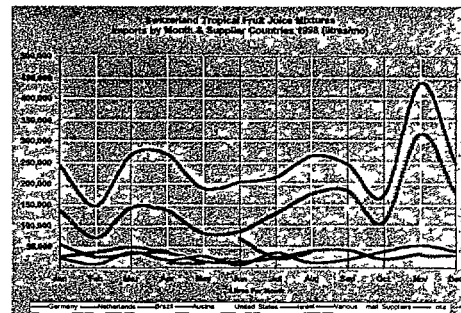
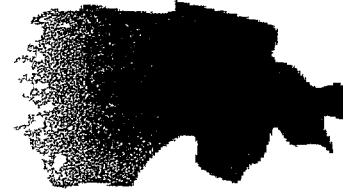
KONSUMGENOSSENSCHAFT
 Retail
KRINGS FRUCHTSAFT
 Processor/Packer
KUPSCH

c Swiss Market for Fruit Juices

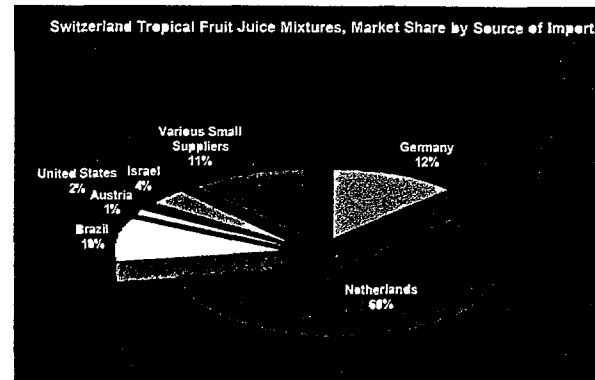
The overview of Swiss market for fruit juices presents highlights focused on an example high potential specific Egyptian product 100% juice tropical mixture, and provides detail on CIF prices and competition in more detail than the overviews of the U K and German markets above

The graphs below track monthly imports of tropical fruit juice mixtures in the Swiss market indicating that only Brazil, among all the tropical suppliers has sufficient momentum to maintain an important market presence without shipping to packer/processors or marketing intermediaries in the Netherlands and Germany The opportunity for Egypt is to be a direct exporter of pre-mixed and packed tropical juice utilizing its own supplies of grape base or imported low cost Chilean apple juice mixed 95/05 with exotic tropicals such as mango guava passion or berries such as strawberry or low cost Chilean raspberries

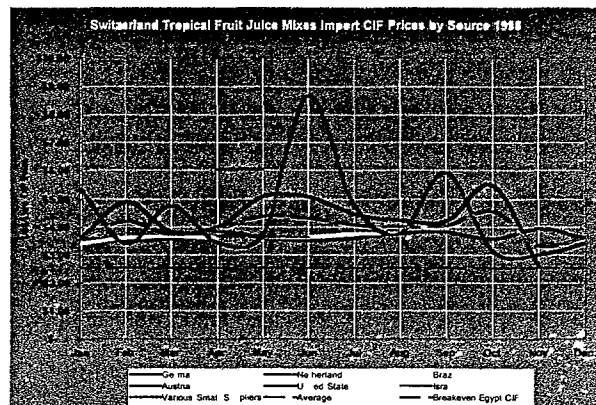
The graph below outlines SRD s estimates of the profitable demand window in the Swiss market for tropical juice mixtures The magenta straight line indicates the total quantity of 570 000 litres per month which the SRD model estimates can be absorbed in the Swiss market without driving the CIF price below the estimated Egyptian breakeven CIF of \$2 56/litre The red line is current imports and the blue line is the difference which equals the monthly export volumes of un-met demand at or above Egyptian breakeven CIF This is the Egyptian export opportunity



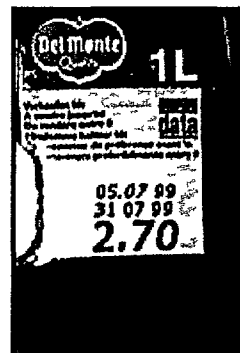
The tan graph below outlines the price competition model for tropical fruit juice mixtures in the Swiss market. The monthly average CIF prices earned by the various competitors in the market whose market shares are outlined in the pie chart are tracked in the line graph. The average monthly CIF price per litre in 1998 is shown by the dotted magneto line and the estimated Egypt breakeven CIF price to the Swiss market is the flat light blue dotted line.



The profitable demand calculation on the last page indicates that there is latent un-met demand for approximately 3.9M litres of tropical fruit juice mix in the Swiss market at or above the Egyptian breakeven CIF. This is the Egyptian export opportunity quantified by month in the profitable demand chart on the last page. This does not mean that Egypt has any kind of exclusive access to this unmet demand. Any exporter who can meet this competitive price could take the opportunity away from Egypt.



The photos to the right present an example format for such a tropical mix, which is currently being marketed under the Del Monte label in Migros supermarkets in Geneva which were visited during the SRD IRA team field work. A partial list of fruit companies contacted during the field work in Switzerland is as follows:



BISCHOFZELL KONSERVENFABRIK AG

Processor/Packer

HENNIEZ SOURCES MINERALES SA

Processor/Packer

HERO

Processor/Packer

KONSUM VEREIN ZURICH KVZ

Retailer

METRO HOLDING AG

Retailer and Wholesaler

OBI GRUPPE

Processor/Packer

USEGO AG

Wholesaler

VOLG KONSUMWAREN AG

Wholesaler

FRUCHTOF AG

One of the strategic alliance possibilities identified is with the Hennie group, a major player marketing under the Frutastic, Granini, and Hennie brands.

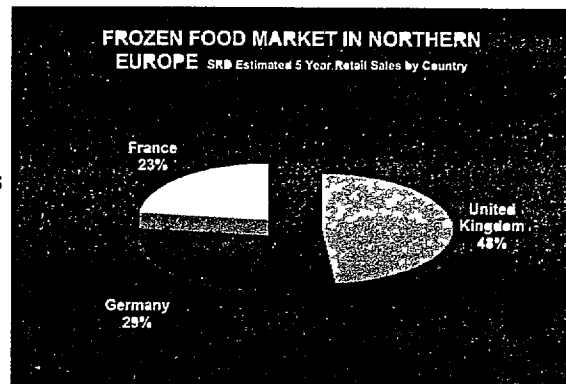
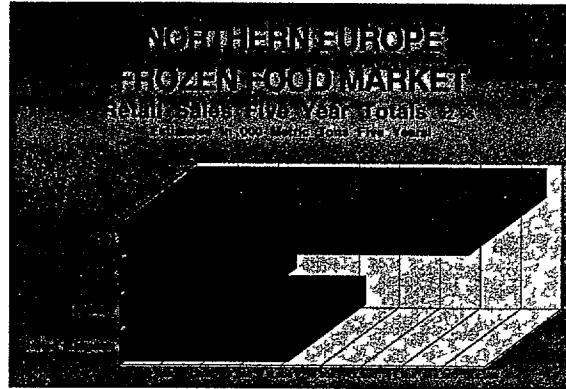
2. Northern Europe Market For Frozen Foods

a Overview of the Northern European Market for Frozen Foods

Yearly sales of frozen foods in the three major Northern European markets (UK Germany and France) averaged around 3.5M tons per year in the 90s. There has been a reasonable stable and favorable growth trend in these markets driven by regular patterns in the U.K. and France with more sporadic performance in the German market. The most notable feature of the structure of these markets is the dominance of the United Kingdom even though it has substantially smaller total population and significantly lower per capita incomes.

Interviewed businessmen and sources reviewed suggest to the SRD IRA team that the principal trends in North European markets for frozen foods are as follows:

A major enabling trend driving much of the growth in frozen food markets is the expansion in number and size of household freezers and freezer units in refrigerators. This trend is partly offset by the trend away from chest freezers to larger freezer units in upright refrigerators, but this appears to have resulted more in the frequency of turnover in household frozen food inventories since consumption is trending solidly upward. The expansion in microwave ovens in Northern Europe was also thought by some we contacted to be an important factor, but data available to SRD question this as a major factor.



Frozen Food Retail Sales 1992-1996 (000 MT)				
	United Kingdom	Germany	France	Total
1992	1 568	943	699	3 210
1993	1 630	984	753	3 367
1994	1 686	1 007	776	3 469
1995	1 697	993	841	3 531
1996	1 722	999	883	3 604

The driving consumer trend is convenience, which in the European consumer perception has been linked negatively to quality in meals. The important improvements in the quality of frozen foods, particularly up-market items in prepared food mixes, has improved the quality image of frozen foods. Consumers are not buying frozen food in Northern Europe as a cost saving, storage-driven motive to avoid extra trips to the supermarket, as was the case in the 70s and 80s. The trend is now toward convenience AND quality.

In line with this trend there is a strong growth trend in the direction of mixes and prepared foods as contrasted to single product formats. This is not to say that single product formats are stagnant. There is considerable dynamic capacity in high quality up-market single commodities like frozen berries, fine beans, broccoli florettes etc.

There is a clear trend shift away from frozen meats, driven in part by overall decline in meat consumption which is linked to the decline in large capacity home freezers. This trend favors prepared mixes first, vegetables second, with up-market growth potential in the currently small but high potential frozen fruit categories.

The traditional "frozen food" speciality retailers like 'Iceland' in the U.K. are losing market share to the general supermarket frozen food section, and in fact to maintain vitality Iceland and others are diversifying into fresh and ambient temperature processed products to complement their previous frozen focus.

The development of more "long-life" products on supermarket shelves has been thought to be a counter trend to frozen, but SRD and most of the people we talked to during the IRA discounted this as a major factor.

Percapita consumption of frozen food is obviously the highest in the U.K. where the industry is comparatively mature. UK consumers eat 29 kilos of frozen foods per year while those in Germany consume only 12kg and France only 15.2. While this would appear to suggest that the UK market may be saturated and that opportunities are best in the other countries, our survey work suggests that this is not true. The UK market has been growing more steadily than the German market. It does appear to be true for France, where substantial margin for increased consumption is matched by very rapid growth in actual consumption.

b Frozen Food Markets in the United Kingdom

The two frozen food categories which are currently major volume items identified as priority for ALEB support are frozen vegetables and prepared mixes of fruits and vegetables with other products. Frozen fruits, although having a high ALEB priority and substantial growth potential, are comparatively small in current consumption.

Frozen foods as a whole have grown 16.5% over the recent five year period, maintaining a steady 3%+ annual growth rate. Frozen vegetables have grown over 30% in the U.K. during the recent five years, while frozen mixed preparations have grown over 52%. By comparison frozen meats have decreased 3.4% and seafood grown only 1.3%. The "other category", which includes frozen fruits, has grown 29.7% over the same period in the U.K.

As a percent of total frozen food value in the U.K. frozen vegetables have a 21% market share while mixes account for 26% and other, which includes frozen fruits, has only a 6% share.

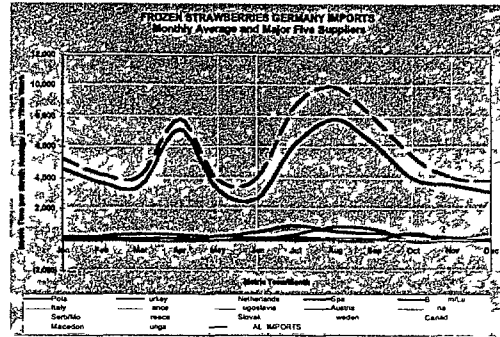
b. Frozen Foods in the German Market

In contrast to the U K frozen foods in Germany have experienced only a total five year growth of 5.8% barely more than 1% per year. Frozen vegetables have been almost static (2.3%) while meat and seafood have both experienced negative growth. The only dynamism has been seen in frozen mixed preparations and “others” including frozen fruit. By comparison, the “other” category has grown twice as fast (26%) as the frozen mixed preparations group (11.7%). Our contacts with German companies coincides with these overall trends and consequently we have chosen frozen strawberries as the example product for this summary highlights document.

These summary highlights of the SRD IRA for the frozen food subsector will focus on frozen strawberries as one example of a high priority Egyptian export opportunity that crosses many surveyed countries including the U K, Germany, France and Italy. The market analysis in this section will follow the SRD ProDem model which focuses on monthly competition in selected markets with existing import suppliers and estimates the dimension of the Egyptian export opportunity.

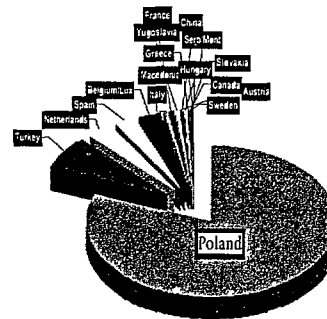
The charts on the next page track monthly import supplies of frozen strawberries in the German market by supplying country. The dominant position of Poland as a supplier is obvious but a wide variety of intra and extra EU suppliers have been able to compete mostly based on quality with Poland. The reaction from businesses and from our own observations suggest that Poland IQC processes are vulnerable on a quality and price basis. The fundamental cost item in IQF strawberries is picking labor and a secondary competitive issue is the seasonality of production supply needed to keep high capital cost machinery occupied. Both of these factors favor Egypt in the competitive setting of the German market. However Egyptian CIF prices would need to come down to a very efficient level (around \$64/kg) to effectively open the market opportunity. Other countries have achieved near this cost level without the wage rate and seasonal efficiency advantages Egypt has. To achieve these efficiency levels however the focus would need to be more on the production level costs than processing costs. Yields in strawberries would need to substantially increase much closer to the levels of similar climatic areas in California etc. SRD believes that this will require methyl bromide or similar fumigation for nematode control which can cost as much as \$5 000 per hectare per year. Egyptian producers may be reluctant to make these efficiency investments, but the payoff in market terms could be substantial. This is an entry point for ALEB assistance.

Although frozen strawberries can be stored for prolonged periods of time there are quality impacts storage costs and seasonal production gluts which all combine to make the frozen strawberry market a seasonal one This pattern is obvious in the charts which are presented for the German market The pie chart outlines the import market share of current supplier countries into the German market



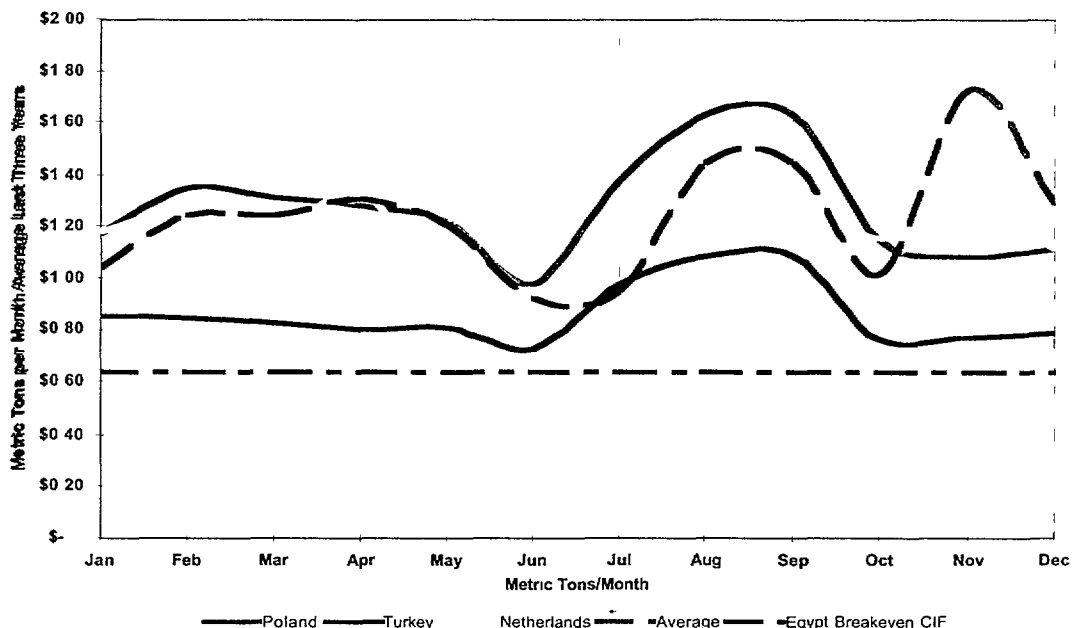
The blue graph tracks CIF import prices for each month for the major import suppliers The dotted blue straight line is the SRD estimated breakeven Egypt supply CIF price which Egyptian producers could achieve with efficient technology harnessing their inherent wage rate and seasonal advantage position

GERMANY FROZEN STRAWBERRIES IMPORTS
Average Quantity Import Share by Supplier



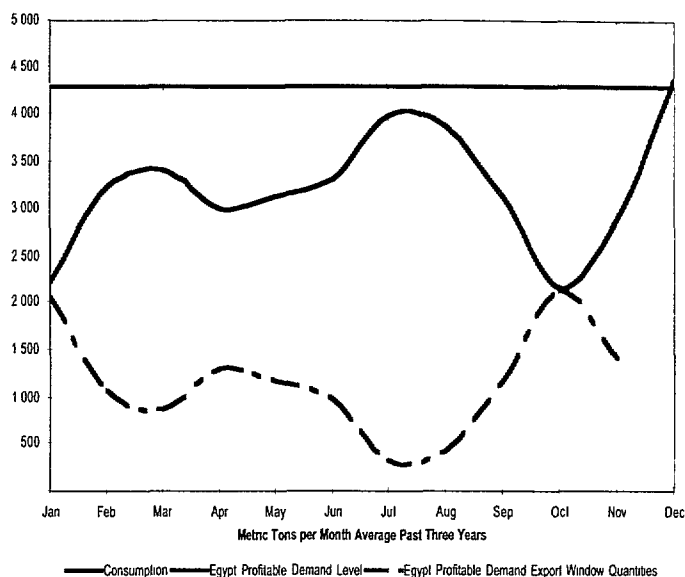
The graph on the next page computes the monthly profitable demand balance implied by the SRD market analysis model for the German market

FROZEN STRAWBERRIES GERMANY IMPORTS
Monthly Average CIF \$/Kg Major Three Suppliers & Egypt Breakeven CIF



in frozen strawberries from the point of view of Egyptian potential exports. The red line is the SRD estimate of the volume capacity of the German consumption market at the breakeven CIF Egyptian supply price. There is only one month, December, when current supplies meet or exceed this estimated demand level. The blue line tracks actual import levels by month statistically smoothed to more closely estimate weekly consumption. This consumption line has been computed from a model which takes into account not only imports, but also

FROZEN STRAWBERRIES GERMANY
Consumption & Egypt Profitable Demand™



domestic production, re-exports, industrial use, storage losses and inventory change. The result is an estimate of approximately 12 000 MT of unmet German demand at or above the efficient technology breakeven Egypt CIF. The monthly export opportunity amounts are estimated by the dotted green line.

A partial list of frozen food companies contacted during the IRA in Germany is as follows:

Biegi Peter Nahrungsmittel
Wholesale focused on frozen foods

Freiberger Lebensmittel GMBH
Processor/Packer

Brucken Michael GMBH
Wholesale & Retail

Frosta Tiefkulkkost
Retail of frozen food products

Deutsche Unilever
Processor/Packer

Hansa Tiefkulemenu GMBH & Co Kg
Processor/Packer

Deutscher Supermarket
Retailer

EKF Einkaufskontor Frankfurt
Wholesale & Import

Frank Otto Import KG
Import and export of frozen produce

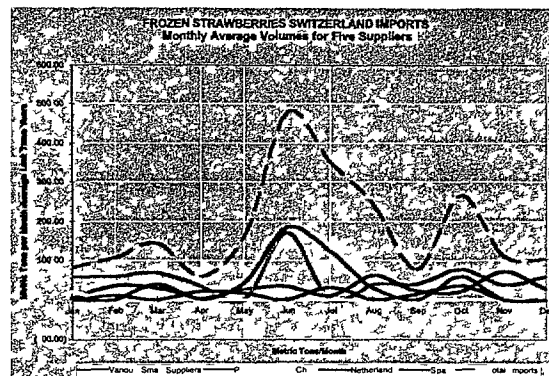
72

c Frozen Food Markets in Switzerland

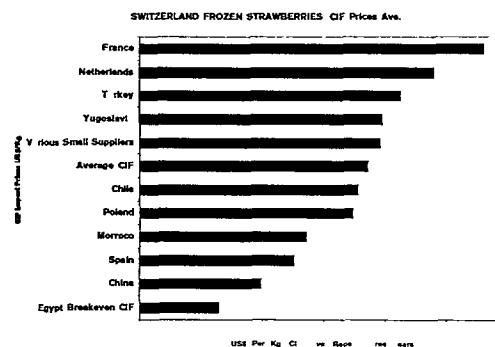
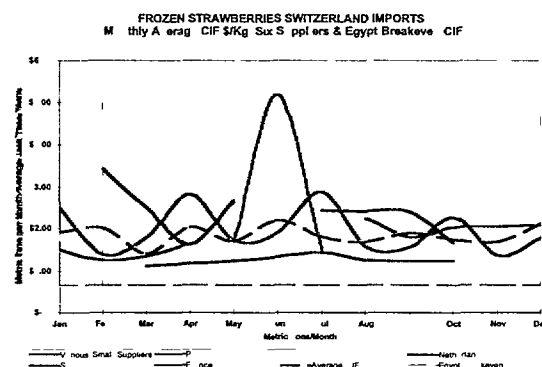
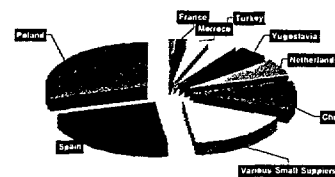
Imports of frozen strawberries in Switzerland totalled over 2 197 metric tons in 1998. In line with the German market the Swiss market has marked seasonal peaks and windows as illustrated in the opposite graph which tracks monthly imports from major supplier countries. Poland and Spain are the dominant competing suppliers but their similar seasonal peaks make them vulnerable to Egypt's wider seasonal spread and sizeable wage rate advantage.

Price competition and monthly patterns presented in the blue graph reveal a wide variation in prices both seasonally and by competing supplier. Part of this price diversity could be explained by the kind of variation our business surveys suggest there is in quality, but on balance our team doubts that quality is the single driving factor in price competition. The market appears to us to be a relatively immature one with considerable growth potential if quality supplies could be offered on a year round basis at what appears to us to be a feasible Egyptian CIF price. As explained earlier, this would require significant but feasible yield increases which would allow Egypt to take advantage of its seasonal and wage rate positions. In addition there is a significant freight cost advantage against some current suppliers like China which should more than offset their wage rate position vis-a-vis Egypt.

When all of these price and quantity competitive factors are combined in the SRD

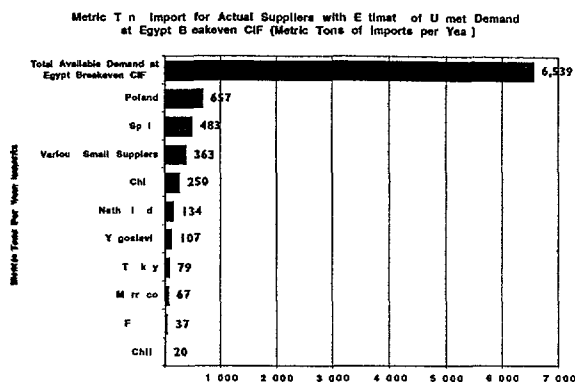


SWITZERLAND FROZEN STRAWBERRIES IMPORTS
Average Quantity Import Share by Supplier



Profitable Demand™ analysis model the result is a monthly estimate of the balance between existing import supplies and total “profitable demand” at or above the Egyptian breakeven export CIF price

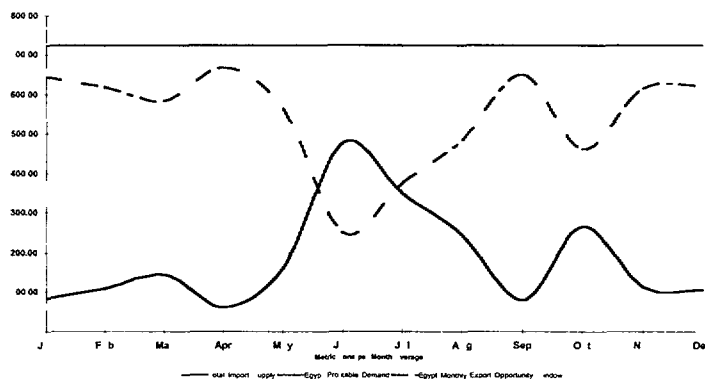
The chart below tracks that monthly supply and profitable demand balance. The flat red line marks the level of imports which the model estimates the Swiss market can absorb before the CIF price would drop below the estimated efficient technology Egyptian export CIF breakeven CIF. The blue line charts the actual import levels month by month for 1998 and the dotted green line plots the net difference between the red total demand line and the existing supply line. Thus the dotted green line represents the monthly volume in tons of un-met export market opportunity for Egypt or other competitors who could present a similar cost and seasonal position. The bar chart above compares this 6 000 ton un-met import opportunity with the existing individual country supplies in 1998 which total approximately one third of this level or 2 197 MT.



The following is a partial list of the frozen food companies contacted in Switzerland during the SRD team IRA field work

BISCHOFFZELL
Frozen food processor/packer
Brands Migros
CPC KNOOR
Frozen ready made meals
FRIGEMO AG
Frozen fruits and vegetables
FRISCO FINDUS AG
Frozen foods (Findus brand)
KADI AG
Wholesalers of Frozen fruits
METRO HOLDING AG
Supermarkets
SCANA HOLDING AG
Import and wholesale
USEGO AG
Wholesale
VOLG KONSUMWAREN AG
Wholesale
FRUCHTOF AG
Frozen fruits & Vegetables

FROZEN STRAWBERRIES SWITZERLAND
Consumption & Egypt Profitable Demand™



Examples of identified potential strategic alliance ventures in frozen fruits and vegetables in the Swiss market are:

1. Frigemo: This is a company which deals principally in frozen fruits and vegetables which makes them a particularly attractive strategic alliance partner. They are definitely interested in pursuing an Egyptian supply strategic alliance.
2. Bischofszell Konservfabrik AG: This is a wholly owned production/packing subsidiary of Migros, the largest supermarket chain in Switzerland and one of the largest in Europe. The purchasing director, Mr. Herrero, confirmed their interest in further exploration of an Egyptian SA.

3. Dried Food Markets in Northern Europe

Dried fruit and vegetable trends in Northern Europe appear to be affected by largely different factors. Dried fruit trends are benefiting from association with the 'healthy' movement as a "natural" snack food. The second trend in dried fruit is more complicated, and has to do with new technologies for substantial improvements in taste that can give rise to essentially differentiated new products. A fuller explanation of this "fresher" product trend is given below.

Dried vegetables, herbs and spices exist in two rather distinct market segments: the smaller one consisting of final consumer products sold through supermarkets, and the second consisting of industrial ingredient markets. Both of these markets are relatively mature markets where competitors position around niche opportunities based on competitive advantages. In the case of Egypt, that advantage is largely founded on cheap available supplies of raw vegetable material for dehydration. There is little seasonality in the dried vegetable trade, and few transport advantages due to low-weight/price relationships.

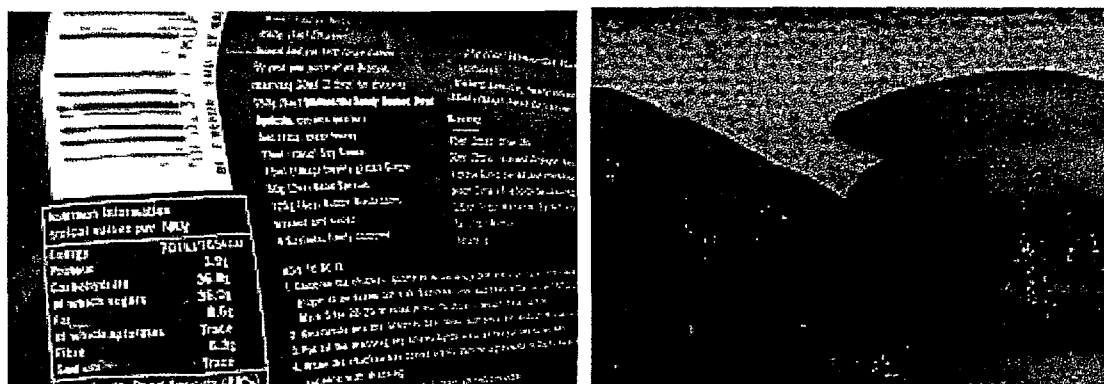
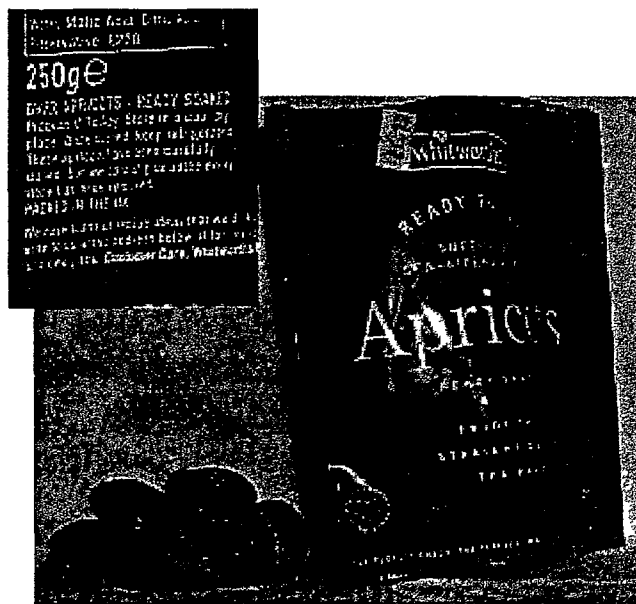
Two important recent market trends could provide solid niche opportunities and competitive positionings for Egypt in the very competitive market for dried fruit in Northern Europe. Europe is awash with relatively cheap Turkish apricots. Getting up the curve on two trends could provide Egypt with a medium term niche with competitive advantage. The first trend is "fresher" dried fruit with more of the subtle flavor of the fresh fruit and less "cooked" flavor. There are two ways to achieve this "softer" "fresher" "fruitier" long term trend objective. The first and most common "fix" is to partially "reconstitute" the fully dried product with fluid content, much like reconstituting concentrated juices. In the UK market the partially reconstituted dry product is repackaged as "Ready Soaked". Unfortunately, this gives only the touch and feel of "fresher" "softer" "fruitier" without any real "fresher" flavor. Adding water cannot restore the flavor essences driven off in the drying/cooking process. Even so, the "Ready Soaked" product must be refrigerated after opening and, because of the low-brix, has a short shelf life. The Turkish industry is very far behind the curve on moving to take the real fresh taste advantage offered by new technology. They supply a product which pretends to connect to this "fresher" trend but is vulnerable to competition because it (a) can't produce on fresher flavor, and (b) reaches the supermarket shelf as a very high cost product. It must be reconstituted and repackaged in the UK with wage rates over \$12/hr, thus losing any wage rate advantage the Turks have vs. the EU. The Egyptian advantage could be to combine wage rate advantage with real "fresher" taste advantage by producing a "partially" dried product and packaging it in Egypt.

The principal dried fruit opportunities identified in the Northern Europe markets are partially dried apricots, mangoes, berries, and peaches. Mixtures of dried fruits and nuts (trail mix and other formats) also have growing demand positions.

Among the best market opportunities for dried vegetables are dried peppers, dried tomatoes and dehydrated onions. Dried bell peppers in formats from mixed color strips, diced and marinated preparations all have excellent connections to solid long term "convenience" consumer cooking trends, and industrial potential in value-added tomato and dried blend formats.

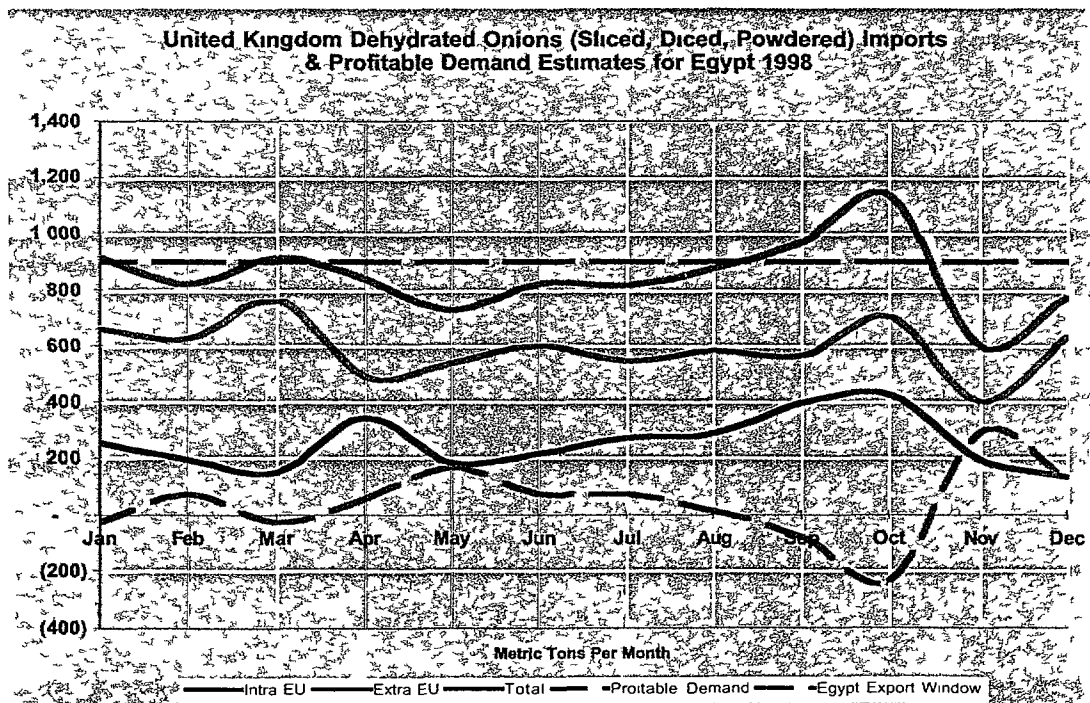
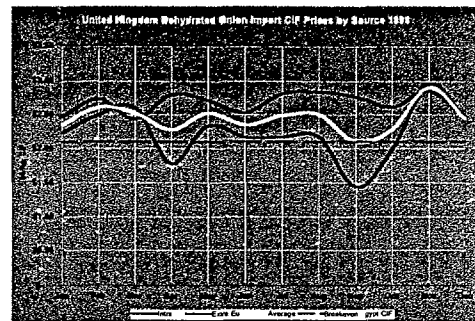
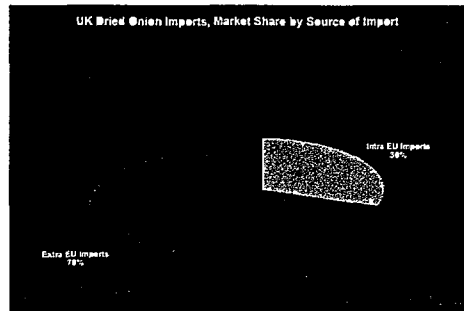
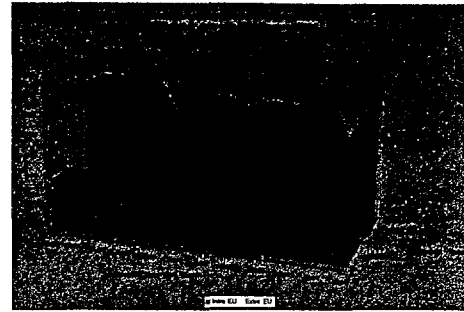
a Dried Fruits and Vegetables in the United Kingdom Market

As an illustration of the potential of partially dried apricots and similar fruits Sainsbury's U K Supermarket (2nd largest) and Whitworth (processor repackager, supplier) market a partially reconstituted dried apricot product in the very effective new stand-up foil package. The SRD SuperMarket database estimate for the supermarket contract price for this partially reconstituted product is US\$ 9 20/kg



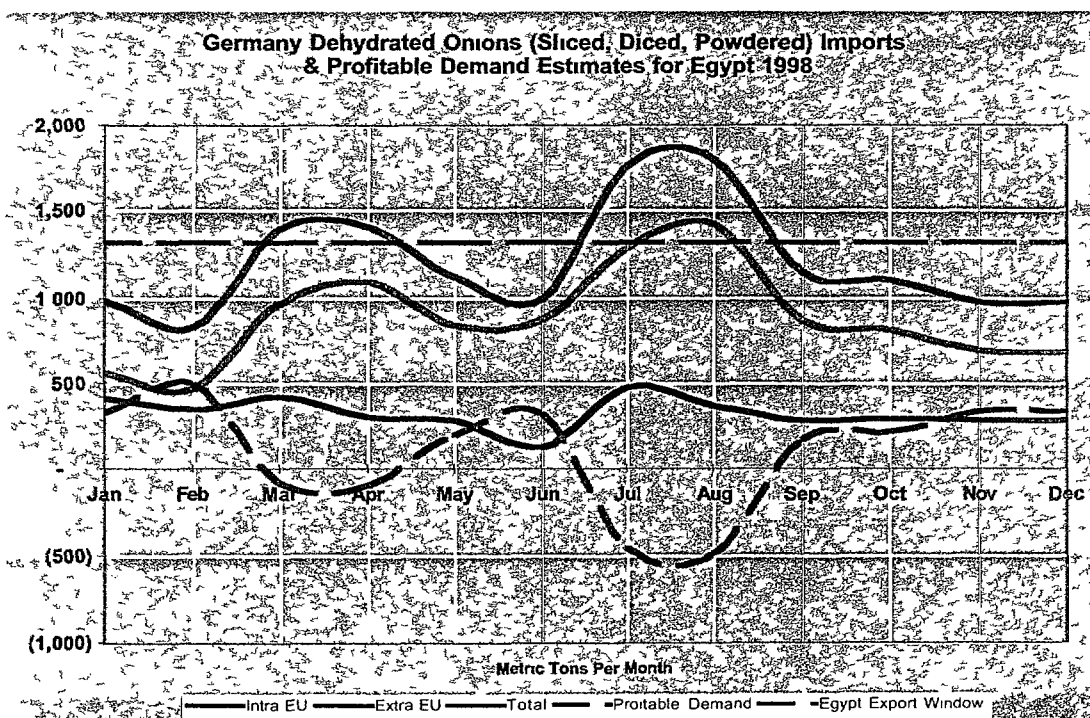
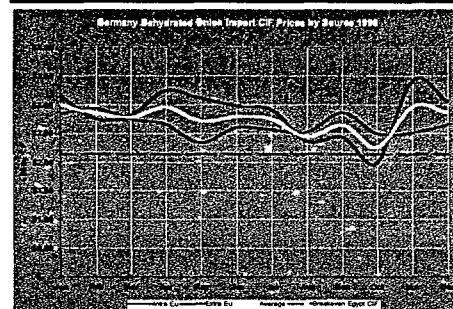
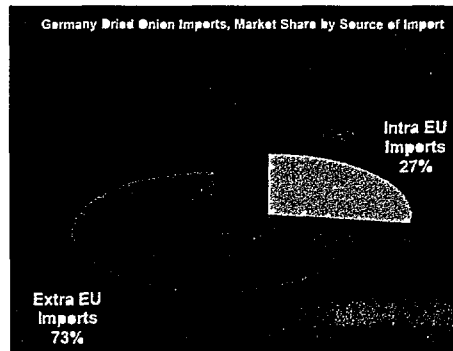
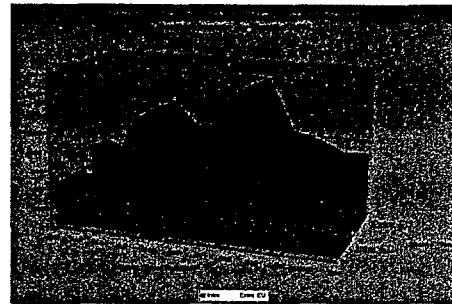
Dehydrated provide an example of a market opportunity in the U K market Imports of dehydrated onions into the U K totalled around 900 metric tons per month in 1998 Although there is some seasonality to the import pattern it does not appear to be an important competitive factor The graphic analysis of the U K dehydrated onion market is provided here in simplified format with import sources separated into intra-EU and extra-EU countries on the basis that extra-EU imports are easier for Egypt to compete with On this basis 70% of the total imports could be considered potentially vulnerable to Egyptian exports

The import price analysis is presented in the table opposite with the red line indicating the SRD estimate of Egypt breakeven CIF at just over US\$ 2/ kg The SRD Profitable Demand model for the UK presented below estimates an un-met demand of about 800 metric tons at or above Egypt breakeven CIF prices



c Dried Food Markets in Germany

Germany imported between 1 000 and 2 000 metric tons of dehydrated onions per month in 1998 almost three fourths from outside the EU CIF prices were consistently above the estimated Egypt breakeven CIF of just over \$2/kg When prevailing prices and monthly prices are combined with the estimated Egypt breakeven CIF in the SRD Profitable Demand model below a net balance in un-met demand for Egypt (or other similarly positioned competitors) of 2 400 tons per year is estimated This is almost three times as large an export opportunity as the U K profitable demand estimate of 800 metric tons



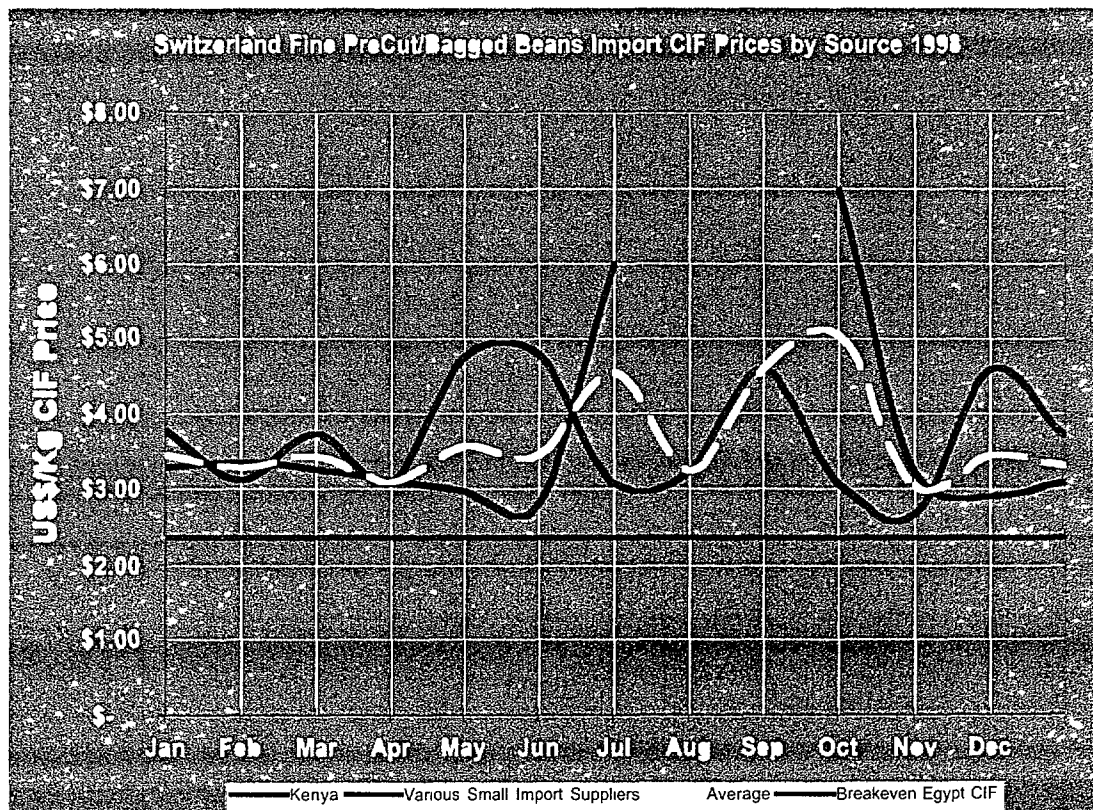
4. PreCut, Bagged, Canned & Bottled Fruit & Vegetable Markets in Northern Europe

Over \$5B per year in fresh fruits and vegetables are imported into Western Europe each year. Most of this produce is not pre-cut or bagged, but a small and growing part of this vast market is and that small value added part is paid a substantial premium. This section contains an example of that trend in a market where Egypt is already a major player in the unprocessed product market: the market for green beans and for fine pre-cut and bagged green beans in Switzerland.

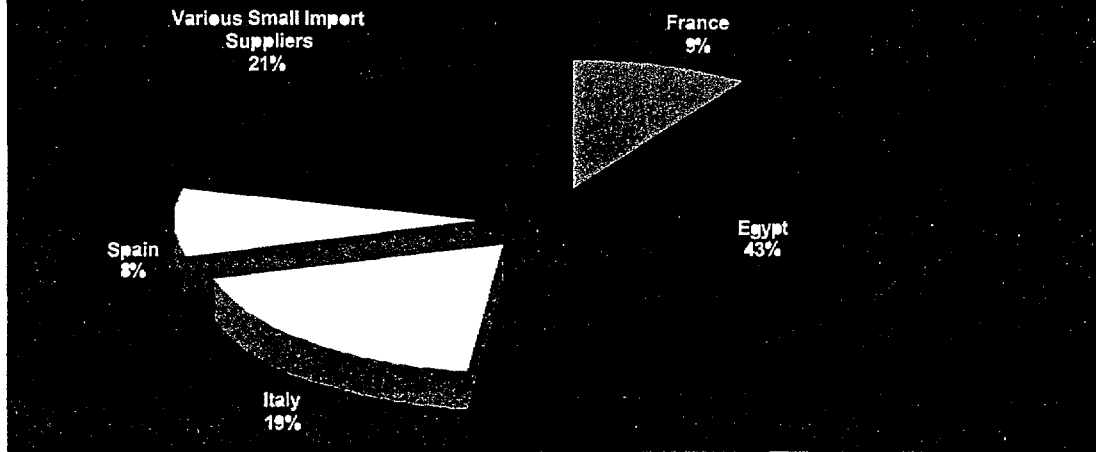
The graph on this page tracks the CIF prices for fine processed (pre-cut and bagged) value added green beans while the lower graph on the next page displays similar monthly CIF prices for unprocessed fresh green beans. Egypt is the major supplier to the unprocessed Swiss green bean market and the average Egyptian CIF price in 1998 was \$1.84/kg. The Egyptian price for unprocessed beans was not significantly less than the overall average of \$2.11/kg for all suppliers.

In contrast the average CIF price for the value added fine pre-cut and bagged (shrink-wrapped) product was \$3.22/kg more than a dollar per kilo above the unprocessed product.

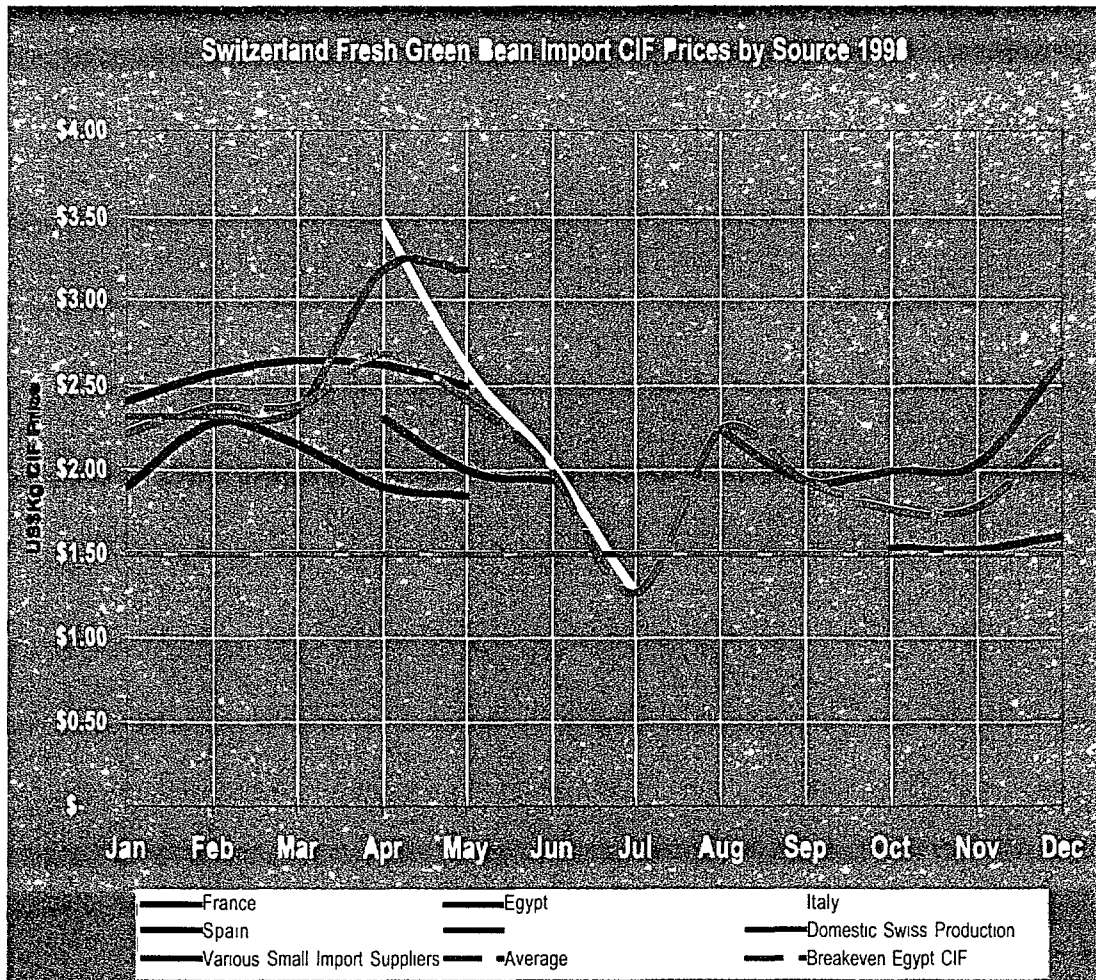
The Egyptian share in the import market for green beans in Switzerland in 1998 was 43% with a total of 525 metric tons exported to the Swiss market as illustrated on the pie chart opposite.



Switzerland Fresh Green Beans Market Share by Source of Import

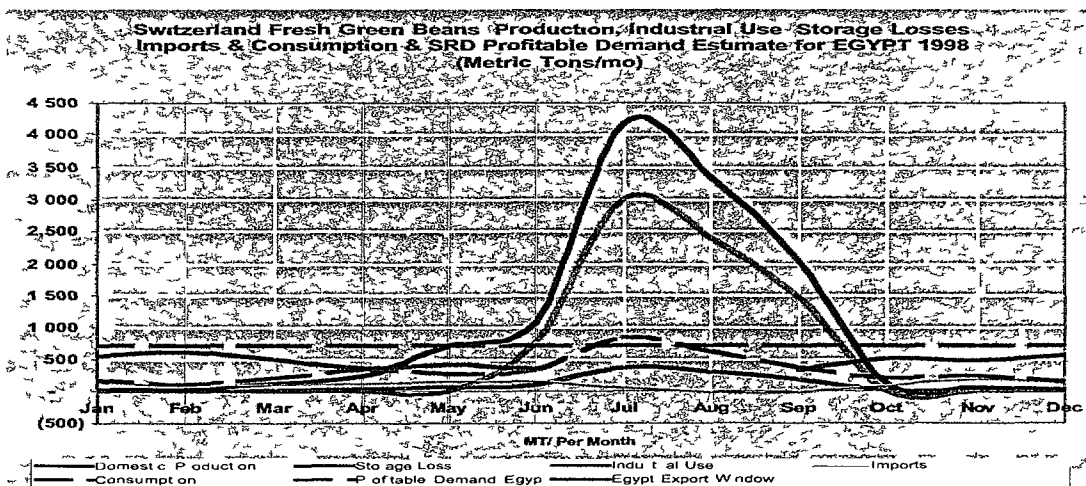
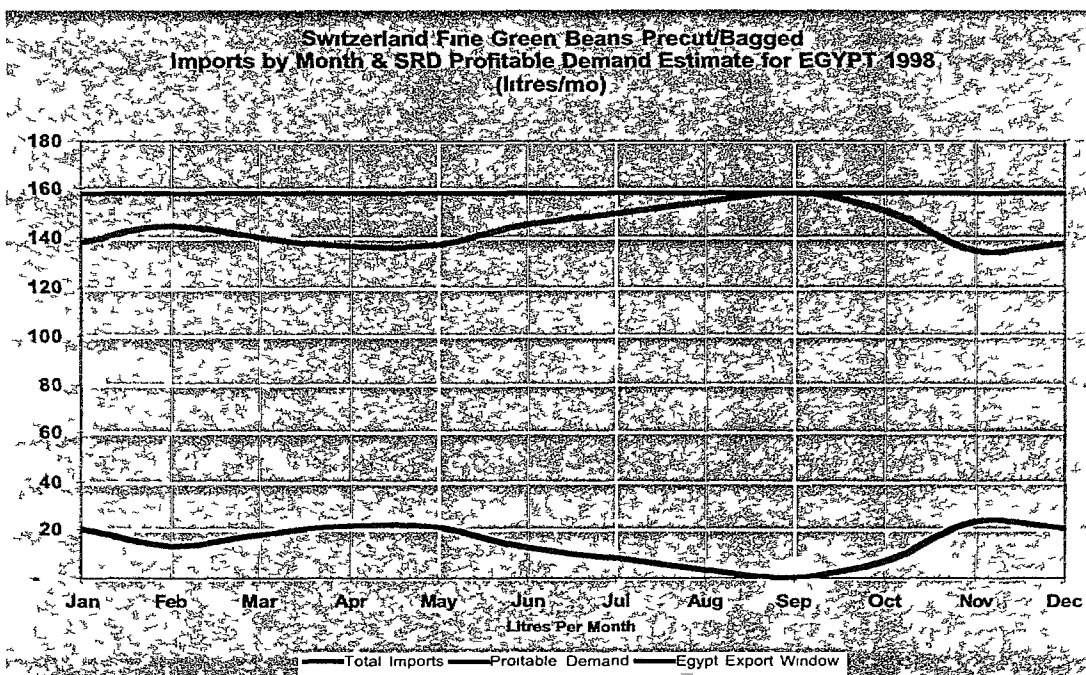


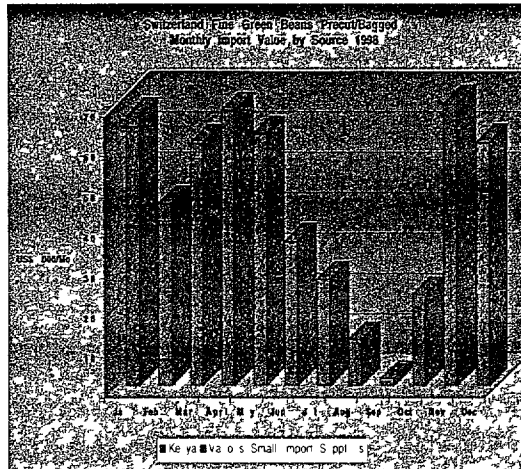
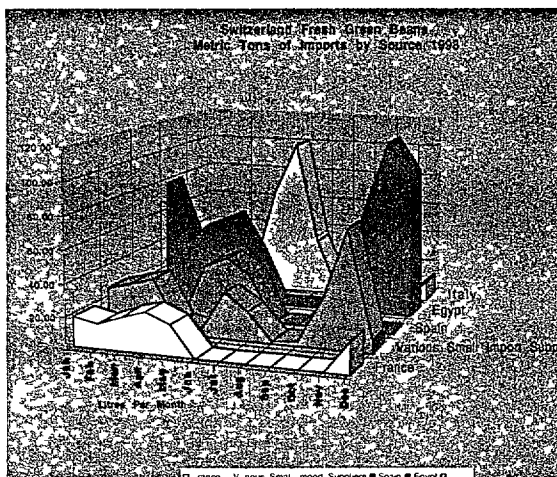
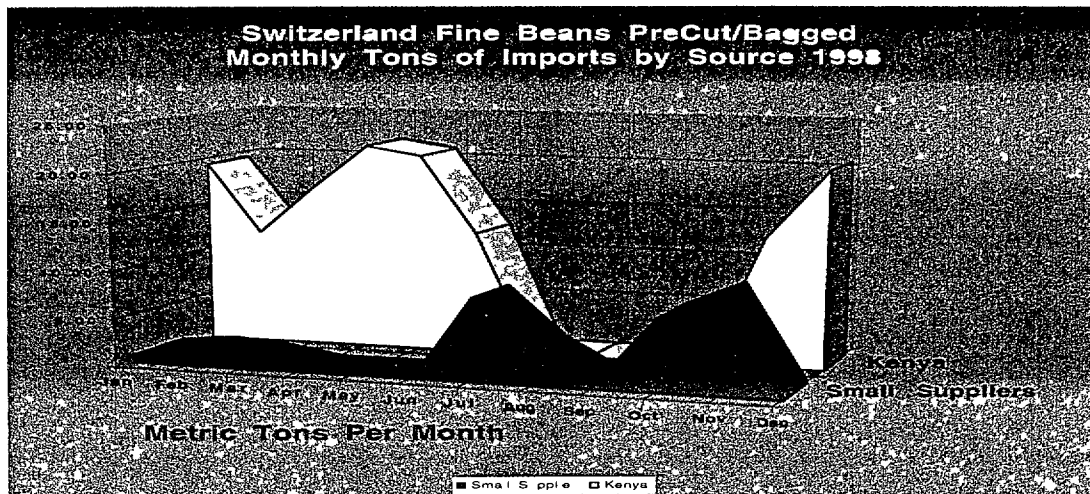
Switzerland Fresh Green Bean Import CIF Prices by Source 1998



8

Prices and volume relationships are integrated in the SRD Profitable Demand models presented on this page. SRD estimates the breakeven CIF for Egypt in the Swiss market to be \$1 52/kg for unprocessed green beans and \$2 37 for value added pre-cut and pre-bagged fine green beans. SRD estimates that the Swiss market can absorb approximately 158 metric tons per month of value added green beans before the CIF price would drop on average below the SRD estimated Egypt breakeven export CIF. The magenta line in the upper graph establishes this Profitable Demand level; the blue line traces the actual import supplies by month in 1998 and the brown line indicates the monthly additional tons of product which could be exported to the Swiss market at or above the Egypt breakeven. In one sense this is demand minus existing supply. Over the twelve month period of 1998, the un-met demand at or above Egypt breakeven prices totalled 1 737 metric tons. Of course, Egypt is not the only country with access to this market, this export opportunity is open to similarly situated suppliers.





A list of the main Swiss companies contacted in this group of products is listed below

KONSUM VEREIN ZURICH KVZ

Food and drink retailing (COOP GRUPPE) and also wholesale distribution

METRO HOLDING AG

Holding company for supermarkets food stores hypermarkets and wholesale foods

STORES METRO

SCANA HOLDING AG

Import and wholesale of fruit and vegetable products

USEGO AG

Wholesale trade in fruit and groceries

VOLG KONSUMWAREN AG

Wholesale of groceries

ALLOMBERT & CIE

Broker/Agent for Canned Foods Fruits/Vegetable Nuts Dried Fruit/Veg

MIGROS SUPERMARKETS

Full range supermarket chain